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NATIONAL FOOD Situation

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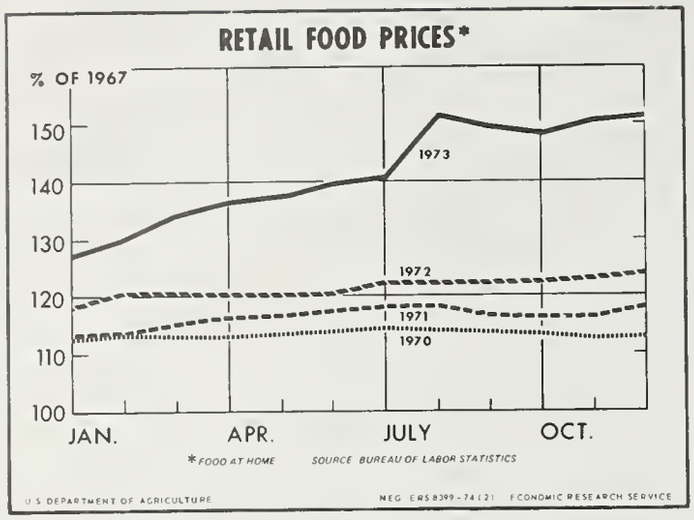
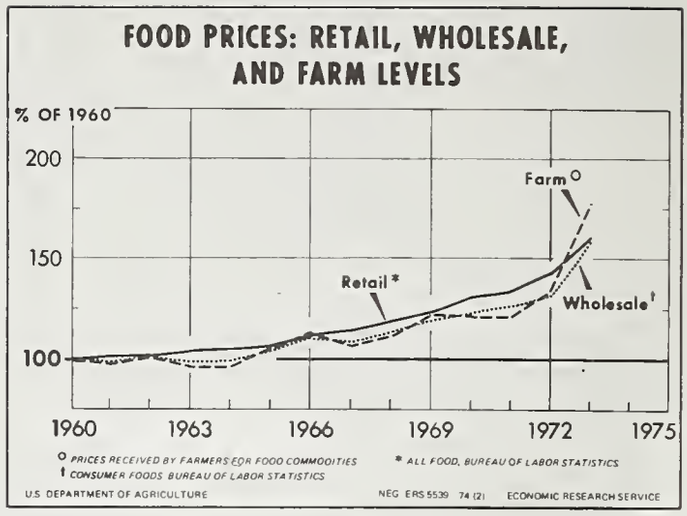


Figure 1



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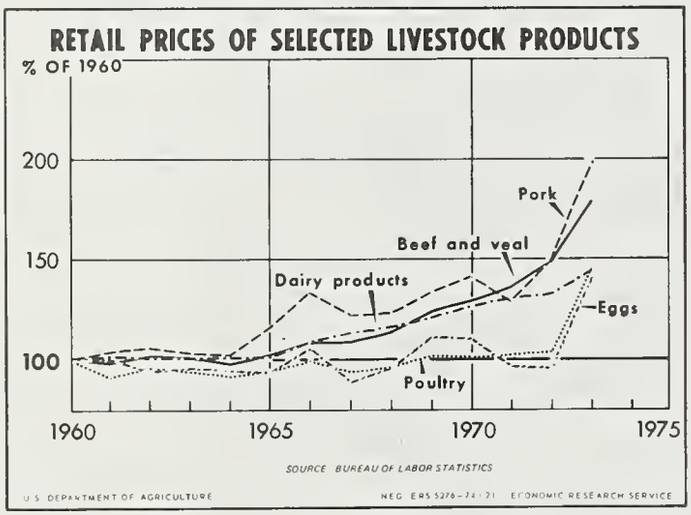

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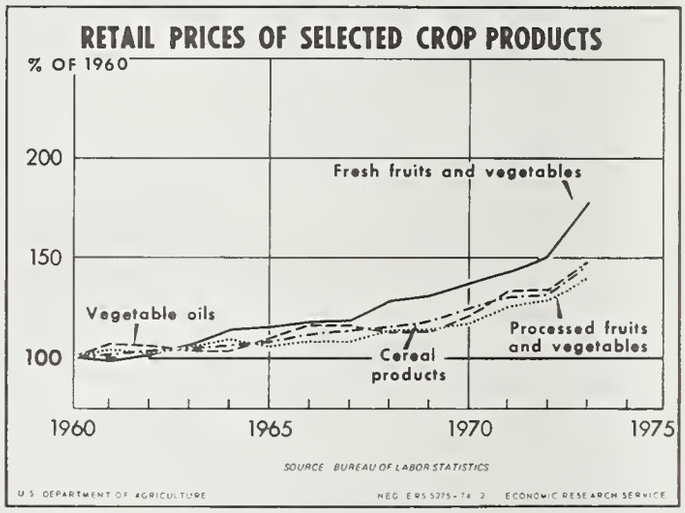

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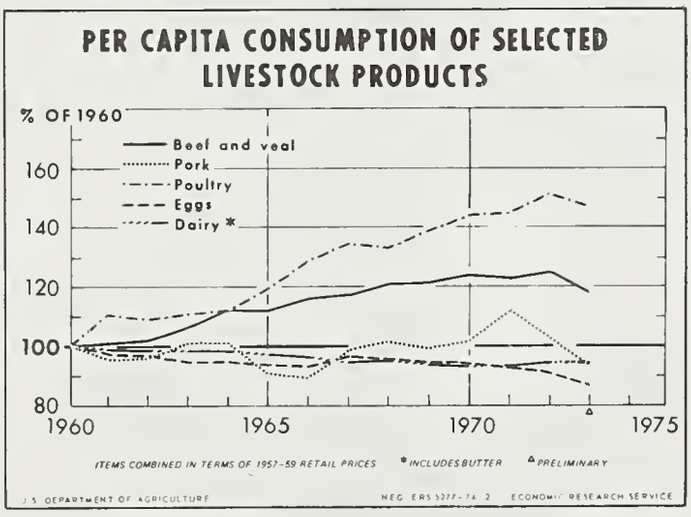

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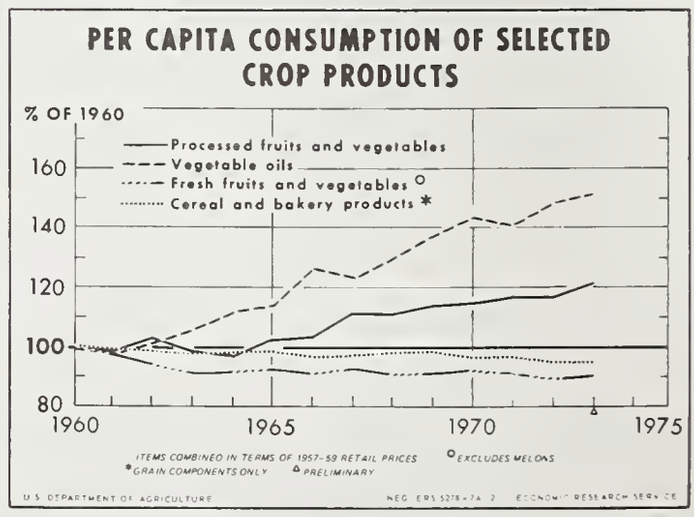

Figure 6

NATIONAL FOOD SITUATION

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SUMMARY

Average retail food prices are likely to post sharper increases during the early months of 1974 than in late 1973. Grocery store food prices this winter may average around 5 percent above the fourth quarter of 1973. Prices for practically all major categories of food will be increasing, reflecting tightening supplies, higher farm prices, and rising costs of processing, transporting, and distributing food products.

The outlook for food prices after the first quarter is much less certain. Upward pressure will continue to be exerted on food prices in the form of higher marketing and distribution costs, partly as a reflection of the energy situation. Reduced stocks of major farm commodities and processed food products, following 2 years in which total use exceeded production, will add further strength to food prices, at least until the size of new crops becomes apparent.

While food prices for all of 1974 will average higher than in 1973, the extent of increase will depend on 3 major factors: How much food output is stepped up this year, the strength of foreign demand for food commodities, and conditions in the U.S. economy.

Under the expected or most likely conditions for each of these factors, retail food prices for all of 1974 may average about 12 percent above 1973, less than the 14½ percent increase a year earlier. In contrast to 1973, most of the annual increase will result from increased marketing costs. The rate of increase is expected to slow during the spring with second quarter prices averaging 2-3 percent above the first quarter. Little change is anticipated in food-at-home prices during the third quarter, likely followed by a small decline for the last quarter. Away-from-home food prices may continue upward throughout the year at a rate of about 2-3 percent per quarter.

If food output increases much more than present indications suggest and at the same time foreign and domestic demand falls below current indications, food prices for all 1974 may average about 8 percent above 1973 due to the increases through midyear. On the other hand, if 1974 food output turns out much below what is now indicated and demand proves to be stronger than expected, prices could average as much as 15 percent higher for the year.

In 1973, retail food prices averaged 14½ percent

above the year-earlier average. This represented the largest increase in a quarter century. Away-from-home food prices averaged almost 8 percent higher, while grocery store food prices were up about 16 percent. A large part of this rise reflected the 22 percent increase for foods derived from livestock products. Prices of crop related foods advanced at about half that pace. Among livestock related products, prices of poultry and eggs were up 40-50 percent, while red meat prices increased about 25 percent. Fish and dairy prices advanced less sharply. Among crop related foods, fresh produce prices averaged 18 percent higher, while cereal and bakery products were up 11½ percent due to a sharp increase in the fourth quarter. Retail prices for fats and oils, sugar and sweets and nonalcoholic beverages rose by less than the average.

Food Price	1973	1974 (estimated)		
		Most likely	High	Low
	Percent increase over year earlier			
Food at home	16	12	16	8
Food away from home	8	12	14	10
All food	14½	12	15	8

For all of 1973, food expenditures rose over 11 percent to $139 billion, the largest annual increase since 1951. All of last year's advance resulted from higher prices. After adjustment for price increases, real food purchases showed the sharpest decline in over four decades.

Monthly participation in the USDA family food programs averaged 14.8 million persons, the same as in 1972. Increases in Food Stamp Program participation offset declines in the family food distribution program participation. The value of bonus stamps rose about 12 percent to almost $2.2 billion, reflecting higher participation and adjustments due to cost of living increases.

Per capita food consumption declined 2 percent in 1973, with all of the decline due to lower consumption of livestock related foods. Consumption of crop foods rose 1 percent due to increases for processed fruits and vegetables, with restrained price rises for these items encouraging at least some of the gain.

Per capita consumption of livestock related food in 1974 is expected to exceed the low 1973 levels. However, first quarter levels will be less, due to reduced meat and dairy product consumption. Poultry and egg consumption, as well as meat after the first quarter, will probably gain over year-earlier rates by a progressively wider margin through the year. Per capita dairy supplies will about equal those of last year.

Reduced domestic food use slowed the gain in total net utilization of farm food commodities to 2.7 percent in 1973 from 3.2 percent a year earlier. Exports were up a third compared to a 22 percent gain in 1972. For commodities having a predominantly direct food use, the rise in exports was somewhat sharper. Production of these commodities was unchanged from a year earlier, although total production for all commodities with any food use rose 2½ percent.

The sharp increase in farm production projected for 1974 will be heavily in feedtype commodities. Still, production of commodities directly pertinent to the supply of food available for consumption this year is also expected to be up significantly. Total use of farm food commodities should remain close to the 1973 level, with an increase in domestic food use about balanced by reduced exports. Stock levels are expected to rise somewhat by the end of the year.

In this report, the low alternative stems from larger commodity output and weaker demand than anticipated under the "most likely" alternative, resulting in lower prices. Conversely, the high alternative reflects smaller output and greater demand than now anticipated and therefore higher prices. The commodity output and domestic demand assumptions under the high and low alternatives reflect a range which our ERS analysts judge would keep actual values within this range approximately 4 out of 5 times. Due to greater uncertainty there are about 2 chances out of 3 that the underlying export projections will fall within our range.

Fourth Quarter Advances Moderate

Fourth quarter retail food prices averaged 2½ percent above the third quarter, about half the rate of increase registered during the first 3 quarters of 1973. Much of the fourth quarter advance was due to the 4½ percent rise for prices of restaurant meals and snacks (table 1). Grocery store food prices averaged 2 percent higher, about a third of the average increase for the previous 3 quarters; for the first time in 1973, they rose less than for all consumer goods and services less food prices.

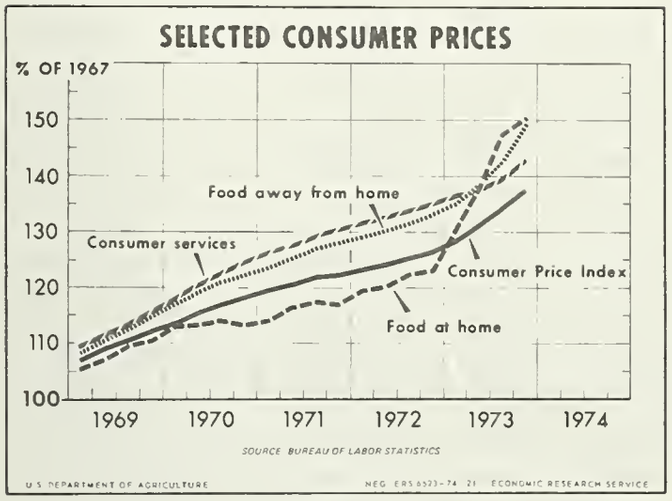


Figure 7

All of the fourth quarter increase for food at home prices was due to rapidly rising marketing margins. The farm value for a market basket of domestically produced food fell sharply.

In sharp contrast to the previous 2 years, almost all of the fourth quarter rise for grocery store food prices was due to higher prices for crop related foods, which advanced 4½ percent from the third quarter. Livestock related food prices rose only fractionally.

Among crop related foods, cereal and bakery products rose 14 percent from the third quarter average, while fats and oils were 19 percent higher. Processed fruits and vegetables rose 9 percent. Sugar and sweets prices rose nearly 5 percent while beverages and other foods moved ahead at a slower pace. Partly offsetting was a 10 percent decline for fresh vegetables and a 21 percent drop for potatoes, greater than usual declines for that time of the year. Fresh fruit prices, however, fell less than seasonally expected.

The fractional increase for livestock-related food prices in the fourth quarter was due to an 11 percent rise for dairy product prices and a 6 percent rise for fish. Red meat prices fell about 2 percent, the first quarterly decline in almost 3 years. Pork fell the most in the red meat category dropping almost 4 percent, while beef and veal dropped 2½ percent. Poultry was down a fifth, and eggs declined slightly.

Because of the advances earlier in the year, the Consumer Price Index for all food averaged a fifth above the fourth quarter of 1972. Food at home prices were 22 percent higher, while food-away-from-home prices were up 12 percent.

Changes in retail food prices, from year earlier

Item	Annual average 1973	Fourth quarter 1973
	Percent	*Percent*
Meat	24.7	28.0
Poultry	40.2	36.4
Fish	14.7	18.6
Dairy products	9.2	19.9
Eggs	48.7	49.1
Fats and oils	10.9	33.0
Fruits and vegetables	14.0	13.1
Sugar and sweets	6.1	11.6
Cereal and bakery products	11.3	25.5
Beverages	7.3	9.3
Other preparations	3.7	6.7
Food at home	16.3	21.6
Food away from home	7.9	12.1
All food	14.5	19.5

1973 Retail Prices

Retail food prices in 1973 averaged 14½ percent above 1972, the largest increase in a quarter of a century, as food supplies remained tight relative to demand both at home and abroad (table 1). Domestically, economic activity moved ahead extremely fast as both employment and average hourly earnings averaged sharply above 1972. Continued economic growth abroad, along with international currency realignments, increased the foreign demand for U.S. farm products. On the supply side, reduced livestock production in the United States along with tight supply conditions abroad reduced total world and domestic food and feed supplies.

The 1973 food price increase got off to an early start led by rapidly rising meat and poultry prices during the first 3 months of the year. Price ceilings imposed on red meats at the wholesale-retail levels in March limited advances for this class of product during the spring and early summer. Price ceilings after the point of first sale were extended to other food products in June and average retail food prices increased relatively little from June to July. However, the combination of ceiling prices and rapidly increasing costs of production resulted in supply disruptions and curtailed total output of meat and poultry products. After price ceilings were lifted on all foods except beef

Table 1.--Consumer, wholesale, and farm price indexes, 1972-73
(1967=100)

Item	1972	1973					Percent change 1972-1973
		I	II	III	IV	Year	
Retail prices: 1/							
All goods and services (CPI)	125.3	128.7	131.5	134.4	137.6	133.1	6.2
All items less food	125.8	127.9	129.7	131.0	133.9	130.7	3.9
All food	123.5	131.4	138.1	146.2	149.9	141.4	14.5
Food at home	121.6	130.5	138.0	147.1	150.1	141.4	16.3
Food away from home	131.1	134.9	138.6	142.8	149.4	141.4	7.9
Wholesale prices: 1/							
All commodities	119.1	127.0	133.6	139.3	142.2	135.5	13.8
Industrial commodities	117.9	121.3	125.7	127.5	133.4	127.0	7.7
Farm products	125.0	152.0	171.1	195.7	186.5	176.3	41.0
Processed food	121.9	133.6	139.4	152.4	152.4	144.4*	18.5
All food 2/	121.8	135.4	143.4	154.4	154.5	146.9*	20.6
Prices received by farmers: 3/							
Crops	115	135	156	181	185	164	42.6
Livestock and products	134	163	170	198	182	178	32.8
Average	126	151	164	190	183	172	36.5
Market basket of U.S. farm foods: 4/							
Retail cost	121.3	130.8	138.5	148.4	151.3	142.3	17.3
Farm-retail spread	118.9	119.2	124.4	124.6	138.2	126.6	6.5
Farm value	125.1	149.3	160.8	186.0	17[illegible].0	167.0	33.[illegible]

1/ Department of Labor, Bureau of Labor Statistics.
2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.
3/ Statistical Reporting Service.
4/ Economic Research Service.
* Computed by Economic Research Service.

in July, grocery store food prices advanced sharply with the August average jumping over 7 percent above July. Moderate declines were registered during the next 2 months, but these were offset by similar increases during the last 2 months of 1973 (table 10).

For the year, prices of food at home averaged 16.3 percent above 1972, while food-away-from-home prices rose at about half that pace. Most of the increase at retail stores reflected higher farm prices. The farm-retail spread also rose, especially late in the year.

A large part of last year's food price inflation came from the 22 percent increase for foods derived from livestock products. Crop related foods advanced at about half that pace.

Beef and Veal.—Retail prices for beef and veal averaged a record 20 percent above 1972, reflecting a 6 percent cutback in cattle slaughter. As consumers attempted to shift to less expensive cuts in response to sharply rising prices, retail prices for those meats rose the most. Chuck roast and hamburger rose over 26 percent, while liver advanced 22 percent. Porterhouse steak rose the least.

Pork.—Retail pork prices rose a record 33 percent, twice the increase of 1972, as hog slaughter fell 9 percent from a year earlier. Retail prices advanced at a rapid clip through the winter months, and then stabilized. When controls were removed in early summer, however, they rose sharply, advancing 25 percent in August. From then through the end of the year they dropped. Prices of all pork products were much higher, showing a 22 percent increase for pork roast and a 20 percent increase for pork sausage.

Fish.—Retail fish prices averaged about 15 percent above 1972, the smallest increase in the meat, poultry, and fish category. Some resistance to rising prices helped keep the index from rising further.

Poultry.—Poultry prices averaged a record 40 percent above 1972, the largest increase in the meat, poultry, and fish category. The advance reflected a production cutback early in the year caused by farmer uncertainty of profitability due to sharply rising feed costs. However, hatchery activity was up in late 1973 in response to higher prices and increased profitability. As a result, fourth quarter prices dropped from their summer highs, but remained nearly a third above a year earlier.

Dairy.—After making relatively small gains in recent years, retail prices of milk and dairy products rose substantially in the second half of 1973, running about a fifth above a year earlier in the fourth quarter. These gains reflected a tight dairy supply-demand situation. For all of 1973, retail dairy prices averaged around 9 percent above a year earlier, still considerably less than the average rise in retail prices of all food items.

Eggs.—Retail egg prices were almost 50 percent higher in 1973, following two years of depressed prices. Much of the surge took place during the summer when high feed prices and retail prices ceilings seriously deterred farm production.

Cereal and Bakery Products.—Retail prices averaged a record 11½ percent higher last year due primarily to much higher wheat prices. Most of the increase took place during the fourth quarter when prices averaged 25 percent higher than in the same period a year earlier.

Fats and Oils.—Retail fats and oil prices averaged 11 percent above 1972, with much of the increase coming during the last 3 months of the year.

Fruits and Vegetables.—Retail prices for fruits and vegetables averaged 14 percent above 1972. Processed fruit and vegetable prices rose 8 percent, with most of that increase coming during the last quarter as increased costs for the new crop were felt. Yearly advances ranged from a fractional increase for frozen lemonade to a 25 percent advance for dried beans as strong demand for this low-cost, high-protein food worked against a moderate supply situation. Fresh vegetables (excluding potatoes) rose over 14 percent in price, reflecting tight supplies and strong demand. Potato prices advanced almost 50 percent due to low production. For fresh fruits, the increase for 1973 averaged almost 12 percent.

Other Foods.—Sugar and sweets and beverage prices rose at less than half the rate of the food-at-home price index. The advances essentially reflected higher world prices for raw sugar and coffee. Under the constraint of price controls, highly processed food prices rose about 3½ percent.

Wholesale Prices

Fourth quarter 1973 Wholesale Price Index for all foods remained essentially unchanged from the third quarter following sharp advances earlier. Increases for fish, milk, vegetable oil end products, and sugar and sweets were offset by declines for red meats, poultry, and animal fats and oils. All industrial products rose over 4½ percent.

For 1973, the WPI for all foods rose 21 percent, a near record high (table 9). Eggs averaged 60 percent higher, poultry rose over 50 percent. Fresh and dried fruits and vegetables advanced about 32 percent, while fish was a fifth higher. Red meats rose over a fifth.

Food Price Outlook

Average retail food prices are likely to post sharp increases during the early months of 1974. Grocery store food prices this winter may average about 5 percent above the previous quarter. Prices for practically all major categories of food will be increasing, reflecting combinations of tightening supplies, higher farm prices, and increasing costs of processing, transporting, and distributing food

products. Prices for food consumed away from home may not quite keep pace with at-home prices. So the all food average for the first quarter will likely advance a little less than at-home prices.

Upward pressure will probably continue to be exerted on food prices in the form of higher marketing and distribution costs throughout 1974. However, the behavior of farm product prices and their impact on retail food prices beyond the first quarter of the year is much less certain. Total utilization (including exports) of U.S. farm food commodities has exceeded net new supply (including imports) during each of the last 2 years, reducing stocks of most items to very low levels relative to demand.

Consequently, the real question concerning U.S. food prices this year is whether output of food products will begin to expand at a faster pace than domestic and foreign demand and cause downward pressure on farm prices as an offset to continued increases in marketing costs. The alternative form of this question is whether total demand will continue to outpace new supply as it has for the past 2 years, driving farm commodity and retail food prices higher and causing consumers to further adjust their food consumption patterns.

The uncertainties surrounding these questions and shaping the food price outlook for the remainder of the year can be grouped into 3 categories. The first has to do with U.S. farm output during 1974. Many decisions are yet to be made at the farm level which will determine the output farmers shoot for. Uncertainties surrounding the fuel and fertilizer situations will not only influence these decisions at the outset, but also affect the outcome of the decisions. And, of course, the weather will play its usual critical role in determining output, once production decisions are made and resources committed.

The second category of uncertainity relates to the export demand situation. World food production staged a recovery during 1973 from its low level a year earlier. And the U.S. dollar has recently begun to appreciate in value relative to most other world currencies. While inflation continues to plague most nations, problems associated with the energy situation threaten real economic growth rates for major oil importing countries. These conditions suggest a decline in export demand for U.S. food commodities, but the extent and timing of any export demand adjustments are far from clear.

The third area of uncertainty involves the relative strength of the domestic economy. Further sharp increases in wage rates, levels of employment, and government spending for welfare programs would provide additional purchasing power which consumers could use to bid up prices for food. Conversely, increasing rates of unemployment, relatively stable wage rates, and increasing inflation for consumer goods and services other than food would decrease the ability or willingness of consumers to maintain present levels of food purchases.

In light of these uncertainties, any forecast for food prices beyond the first quarter of 1974 must be considered as highly tentative. Consequently, three alternatives are considered. The first might be described as the expected or most likely set of food price conditions, predicated on the best information currently available. This is based on the following expectations:

1. Acreages of major crop commodities will coincide with farmers' planting intentions as of January 1, "normal" weather will prevail in major farming areas, and farmers will be able to obtain sufficient fuel and fertilizer supplies to achieve yields consistent with recent trends.
2. Output of animal related food products will be consistent with historical relationships given present inventories of livestock and poultry and expected supplies and prices for feed.
3. Export demand will remain strong through midyear but will then slacken moderately as world food production increases, economic growth slows in many countries of the world, and the dollar continues to appreciate relative to most other currencies.
4. The rate of real economic growth will slow in the United States during the first half of the year before regaining momentum during the last half with government spending for welfare programs (especially food stamps and social security) increasing sharply from last year.

Under these conditions stocks of grains and processed food products will remain tight until larger new crops are harvested and begin moving to market later this summer and fall. Output of beef and poultry products should begin to expand relative to year-earlier levels during the second quarter and post further gains throughout the year. While output of pork may not expand much before the fourth quarter and milk production may remain below a year earlier well into 1974, farm prices for most food commodities will decline moderately during the second half of the year offsetting further increases in total marketing costs and reducing retail food prices slightly by the fourth quarter.

Thus, the rate of increase in grocery store food prices may slow beginning in the spring with the average for the second quarter increasing 2-3 percent above the first quarter. Little change is indicated for average food prices during the third quarter with a relatively normal seasonal decline of 1-2 percent in the fourth quarter. Food away from home prices are

expected to trend upward throughout the year at a rate of about 2-3 percent per quarter reflecting the greater importance of labor and service costs for this category of food. For all of 1974 retail food prices may average about 12 percent above 1973 with about equal year-to-year changes for both the food-at-home and away-from-home components.

Tighter Supply-Demand.—If both domestic and foreign demand are stronger than presently expected and major problems are encountered with respect to U.S. farm output, retail food prices could be expected to go even higher. No attempt has been made to assess the impact of the very lowest possible combination of farm commodity output levels and the strongest of all possible demand conditions. Rather, consideration is limited to a combination of circumstances which has something on the order of a 1 in 5 chance of occurrence.

Under these conditions total output of livestock related products for the year may be slightly below the reduced level of 1973. While total crop output would be moderately larger than last year, even larger volumes of grain exports would reduce supplies available for domestic consumption a little below 1973. And higher rates of domestic economic growth would provide added strength to retail food prices. This combination of events would push average retail food prices higher this spring with advances continuing into the summer months. Thus, second quarter prices for food at home might advance 3-4 percent from the first quarter with an additional 1-2 percent increase indicated for the third quarter. Fourth quarter prices would remain near the third quarter level. For all of 1974 prices for food at home would average about 16 percent above 1973 with a slower rate of increase for food-away-from-home bringing the all food average increase to about 15 percent.

More Ample Supplies.—The other alternative considers the converse of the situation previously discussed. That is, what would happen if farm output is even greater than now anticipated, export demand declines sharply, and domestic economic conditions worsen materially?

Slackening export demand and prospects for greatly expanded crop output in 1974 would alleviate upward price pressures for crop food commodities even before new crops are harvested. With lower feed prices, the output of livestock related food products would also be stimulated. Retail food prices would level out in the spring and decline slightly in the third quarter. A further decline of 1-2 percent would be expected for the last quarter. For all of 1974 food prices would still average about 8 percent above 1973 reflecting increases occurring through the first quarter of this year.

FOOD SPENDING AND INCOME

Fourth Quarter

Preliminary data indicate food expenditures in the fourth quarter rose to $145.4 billion (seasonally adjusted, annual rate), an advance of about $4 billion or 2.7 percent from the third quarter. The change essentially reflected higher prices. Food-at-home expenditures advanced about $2.2 billion, but showed a 1½ percent decline for the quarter after adjustment for price increases. Expenditures for restaurant meals and snacks rose about $1.7 billion due largely to higher prices, although volume was also slightly higher.

Food expenditures rose at a slightly slower pace than services and other nondurables during the quarter. Expenditures on durable goods fell 4½ percent, primarily due to a 13 percent drop in automobile purchases. Spending for other durable goods rose only 1½ percent. As a result, total personal consumption expenditures slowed to a 1.6 percent quarterly increase, the lowest in 1973, while savings rose from $51.1 billion (seasonally adjusted annual rate) in the third quarter to $63.3 billion, nearly a 25 percent increase.

The Nation's disposable personal income rose 3.0 percent from the third to the fourth quarter, to an annual rate of $918 billion. This was slightly more than the quarterly increase for food expenditures. As a result, the share of disposable income allocated to food fell from 15.9 percent in the third quarter to 15.8 percent (table 2).

Change in food expenditures, fourth quarter, 1973[1] (seasonally adjusted)

Item	From third quarter 1973	From fourth quarter 1972
	Percent	*Percent*
Total food		
Current dollars	2.7	13.3
1958 dollars	-.9	-4.8
Food at home		
Current dollars	2.0	13.0
1958 dollars	-1.3	-6.3
Food away from home		
Current dollars	5.4	14.5
1958 dollars	.6	1.7

[1] Preliminary.

Table 2--Expenditures for food in relation to disposable income, 1960 and 1965-73 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.0	92.7	12.4	24.8	3.3	117.5	15.7
I	727.4	91.2	12.5	24.3	3.3	115.5	15.9
II	744.0	92.8	12.5	24.4	3.3	117.2	15.8
III	752.0	93.7	12.5	24.7	3.3	118.4	15.8
IV	760.4	93.2	12.2	25.7	3.4	118.9	15.6
1972	797.0	97.9	12.3	27.1	3.4	125.0	15.7
I	772.8	94.9	12.3	26.3	3.4	121.2	15.7
II	785.4	97.7	12.5	26.8	3.4	124.5	15.9
III	800.9	98.9	12.3	27.2	3.4	126.1	15.7
IV	828.7	100.2	12.1	28.1	3.4	128.3	15.5
1973	882.6	108.5	12.3	30.5	3.5	139.0	15.8
I	851.5	103.5	12.1	29.5	3.5	133.0	15.6
II	869.7	106.3	12.2	29.7	3.4	136.0	15.6
III	891.1	111.0	12.5	30.5	3.4	141.5	15.9
IV 5/	918.0	113.2	12.3	32.2	3.5	145.4	15.8

1/ Quarterly data are seasonally adjusted annual rates. 2/ Based on unpublished data of the Department of Commerce, and the Survey of Current Business and The National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/ Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/ Preliminary.

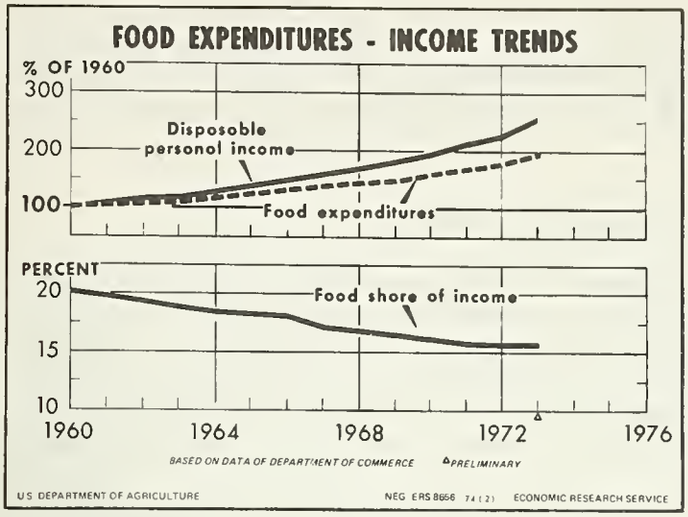


Figure 8

Quarterly changes in personal expenditures and disposable personal income, 1973 (seasonally adjusted)

Item	I	II	II	IV[1]
	Pct.	*Pct.*	*Pct.*	*Pct.*
Total personal consumption expenditures	3.6	2.1	2.6	1.6
Durable goods	7.6	.5	---	-4.5
Nondurable goods	3.7	2.5	3.4	2.8
Food	3.7	2.2	4.0	2.7
Other	3.7	2.7	3.0	2.8
Services	1.9	2.3	2.7	2.8
Disposable personal income	2.8	2.1	2.5	3.0

[1] Preliminary.

1973 in Perspective

For all of 1973, food expenditures averaged $139 billion, an increase of 11 percent from 1972 and the largest annual increase since 1951. Expenditures for food at home increased about 11 percent to $108.5 billion while expenditures for food away from home rose 12½ percent to $30.5 billion.

All of the 1973 advance resulted from higher prices. With consumption down and a transition by consumers from the more to the less costly foods, real food expenditures (those adjusted for price increases to essentially reflect quantity changes) dropped 2½ percent in 1973, the largest decline in real food expenditures since 1933. A decline of 4 percent in real expenditures for store-bought food was only partially offset by a 4 percent increase for food consumed away from home.

Total personal consumption expenditures in 1973 rose 10.8 percent, slightly less than the increase for food expenditures. Most of the increase came in the first quarter prompted by large increases in automobile sales. Nondurable goods other than food advanced 12.8 percent after increasing steadily throughout the year. Despite the spending slowdown in the third and fourth quarter, large increases in expenditures for durable goods in the first quarter resulted in an annual increase of 11.7 percent in durable goods expenditures. Services expenditures continued to rise at an increasing pace throughout the year, posting an annual increase of 9.2 percent.

Personal disposable income rose steadily during the year averaging 10.7 percent above 1972. Because expenditures for food rose over 11 percent, the share of personal disposable income spent for food in 1973 rose to 15.8 percent, only fractionally above last year despite the largest increase in prices in over a quarter of a century.

USDA Food Programs

Monthly participation in all USDA family food programs remained stable in 1973, averaging 14.8 million persons, the same as a year ago. Total participation reached a peak of 15.2 million persons in March and then dropped, averaging 14.6 million persons during the second half of the year.

Participation in the Food Stamp Program averaged 12.4 million people in 1973, 6 percent above 1972. Average participation in the food distribution program fell 700,000 to 2.4 million people.

The value of bonus stamps increased $2.2 billion, almost 12 percent over 1972 due to increases in participation and cost-of-living adjustment in the coupon allotments which went into effect during July (table 3).

The Food Stamp Act was amended in 1973 to allow for semi-annual cost of living adjustments to become effective in January and July of 1974. The January revision in the coupon allotment reflected changes in the price of food through August 1973, and resulted in a 22 percent increase in the value of the coupon allotment for a family of four. The maximum income allowed for participation was also increased 22 percent, from $387 to $473 per month for a family of four.

Because of the recent pressure on food prices, restrictions in use of coupons for imported foods have been removed. Coupons may also be used for garden seeds to produce food for consumption in eligible households. States were required to submit plans for the implementation of the Food Stamp Program in all counties of their States by June 30, 1974, unless it is impossible or impractical.

The Federal cost of the School Lunch Program rose 17½ percent to $895 million during the year; the cost of the School Breakfast Program rose 36 percent. These gains were partially offset by a 6½ percent decline in value of food commodities distributed to

Table 3.--Federal cost of USDA food programs, 1970-73

Year	Food stamps		Food distribution 2/				Child nutrition 3/				Total 4/
	Total issued	Bonus stamps	Needy families	Supplemental food 5/	Schools	Institution	School lunch	School breakfast	Special food	Special milk	
	Million dollars										
1970	1,926	1,104	295	12	271	24	366	14	16	96	2,198
I	287	153	75	2	102	6	94	4	2	32	469
II	433	258	78	3	35	7	96	4	3	26	510
III	536	316	72	4	36	6	40	1	9	10	494
IV	670	377	71	3	98	5	136	6	2	28	725
1971	3,104	1,692	318	15	2[illegible]	2[illegible]	6[illegible]	22	34	92	3,1[illegible]
I	7[illegible]	412	85	4	110	6	18[illegible]	7	3	30	84[illegible]
II	774	420	82	4	35	8	169	[illegible]	6	23	75[illegible]
III	777	42[illegible]	76	[illegible]	4[illegible]	[illegible]	7[illegible]	2	21	11	6[illegible]0
IV	815	44[illegible]	75	[illegible]	10[illegible]	6	21[illegible]	7	[illegible]	28	8[illegible]2
1972	3,6[illegible]7	1,987	2[illegible]	15	282	27	7[illegible]2	28	4[illegible]	90	3,507
I	846	46[illegible]	7[illegible]	4	12[illegible]	6	252	8	4	30	966
II	873	472	72	4	44	8	193	7	8	22	82[illegible]
III	938	5[illegible]4	[illegible]3	[illegible]	3[illegible]	[illegible]		3	27	12	7[illegible]1
IV	96[illegible]	52[illegible]	58	4	7[illegible]	6	227	10	[illegible]	27	9[illegible]1
1973	4,059	2,216	197	17	264	24	895	38	56	65	3,772
I	997	54[illegible]	60	4	91	7	294	11	[illegible]	30	1,049
II	995	5[illegible]2	53	4	54	[illegible]	218	10	[illegible]0	22	917
III	1,015	556	[illegible]4	4	3[illegible]	5	101	4	36	2[illegible]	78[illegible]
IV 6/	1,053	575	40	[illegible]	86	[illegible]	[illegible]82	13	[illegible]	11	1,021

1/ Includes Food Certificate Program.
2/ Cost of food delivered to State distribution centers.
3/ Includes special food services for preschool and school age children in nonprofit institutions.
4/ Money donated for local purchase of food. Excludes nonfood assistance.
5/ Excludes those food stamps paid for by the recipient.
6/ Preliminary.

schools. Participation in the School Lunch Program remained about the same as a year ago, but participation in the School Breakfast Program expanded by an additional 200,000 children.

The total value of all USDA food programs rose 7½ percent in 1973, to $3.8 billion and accounted for 2.7 percent of personal consumption expenditures for food.

PER CAPITA FOOD CONSUMPTION

Per capita food consumption declined 2 percent in 1973 (table 4). All of the decline was due to livestock-related foods. Consumption of crop foods was nearly 1 percent higher, due to increases for processed fruits and vegetables, with restrained price rises for these items earlier in the year encouraging at least some of the gain.

Per capita consumption of livestock food products dropped 4 percent last year. While dairy product use remained unchanged, per capita consumption of each of the other major livestock related foods declined. Meat dropped 7 percent, poultry 3, fish 2 and eggs 5 percent from 1972 levels. Increases of 2 percent for fruits and 1 percent for vegetables were responsible for the 0.8 percent gain in per capita consumption of food from crops.

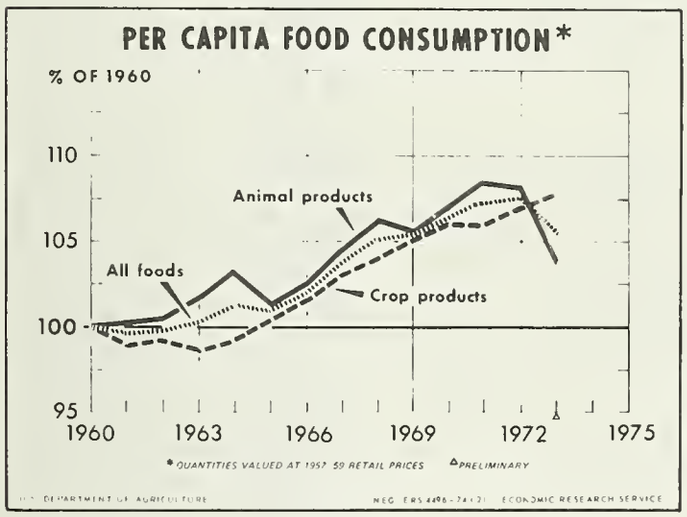


Figure 9

In October-December 1973 per capita consumption of livestock-related foods in total moved 6 percent above the third quarter, the lowest summer rate since 1962 (table 5). Meat, up 8 percent, and poultry, increasing a seasonally expected 14 percent, led the pace. Egg consumption was up 3½ percent, about in line with its seasonal pattern. Consumption of these 3 items, nevertheless, was sharply lower than in fourth quarter 1972. Meat was off 6 percent and poultry and eggs were each down 4 percent. Dairy product use was about the same as in summer and above a year earlier.

Outlook for 1974

The somewhat improved per capita supply situation for livestock-related foods, as indicated by the seasonally adjusted index for the fourth quarter 1973, may remain about stable until the last quarter of 1974. Then meat consumption may recover to the 1972 end-of-year level and poultry consumption is expected to set a new high.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1972	I	103.8	105.2
	II	103.4	106.9
	III	102.3	103.6
	IV	103.4	105.7
1973	I	100.9	100.4
	II	98.0	97.2
	III	96.4	93.2
	IV	99.9	99.4

Except in first quarter 1974, when meat and dairy product consumption is expected to be less than a year earlier, per capita consumption of livestock-related foods is expected to exceed the low 1973 levels. Consumption of poultry and eggs, as well as meat after the first quarter, is expected to gain over year-earlier rates by a progressively wider margin through the year. Per capita dairy supplies likely will about equal those last year.

For the year, per capita food consumption is expected to gain around 1 percent, with livestock products up almost 2 percent and crop foods up slightly. Consumption of fish and dairy products may remain unchanged from 1973 levels but meat and egg consumption is likely to gain 2 percent and poultry 5 percent. The gain for fruit may equal last year's 2 percent rise, but little change from 1973 is expected for vegetables and potatoes. Coffee and cocoa consumption may continue to drop as world supplies tighten.

Commodity reviews

Meat.—Per capita meat consumption dropped sharply in 1973, to the lowest point since 1966. The 175 pounds (carcass equivalent) consumed per person last year compares with 189 pounds in 1972 and the record-high 192 pounds consumed in 1971 (table 6).

Table 4.--Per capita food consumption index, 1967-73 1/

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	120	107	94	104	100
1973 4/	98	110	111	90	100	83	122	108	94	109	102

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	107	102	86	126	98	108	98	103.5	103.9	103.7
1973 4/	100	110	103	84	129	98	107	96	99.2	104.7	101.7

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Table 5--Livestock products: Per capita consumption indexes, quarterly, 1969-73 1/
(1967=100)

Year and quarter		Meat	Poultry	Eggs	Dairy products		Animal fats including butter	Total livestock products 2/
					Excluding butter	Including butter		
1969	I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
	II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
	III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
	IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970	I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
	II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
	III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
	IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971	I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
	II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
	III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
	IV	107.6	127.9	98.4	98.7	98.8	91.3	108.8
1972	I	105.4	98.0	98.7	99.8	99.3	89.1	101.7
	II	104.8	107.6	93.3	101.0	100.0	79.8	102.3
	III	103.7	115.7	92.9	101.0	100.0	82.4	102.6
	IV	107.5	131.7	94.8	99.9	99.4	85.6	106.1
1973 3/	I	100.6	97.3	92.8	101.1	99.6	86.5	99.1
	II	95.3	103.4	91.0	100.7	99.7	79.8	96.9
	III	93.3	111.3	87.5	101.2	100.2	79.8	96.7
	IV	101.1	126.6	90.7	101.1	100.6	85.6	102.5

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1970 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, November 1971.

2/ Excludes fish and honey.

3/ Preliminary.

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1971	1972	1973	1973 percentage of 1972
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight)	160.9	178.3	191.8	188.9	175.0	93
Beef	85.1	106.5	113.0	116.0	109.3	94
Veal	6.1	3.8	2.7	2.2	1.8	82
Lamb and mutton	4.8	3.9	3.1	3.3	2.8	85
Pork (excluding lard)	64.9	64.1	73.0	67.4	61.1	91
Fish (edible weight)	10.3	10.6	11.4	12.2	12.1	99
Poultry products:						
Eggs (farm basis)--Number	334	320	314	307	293	95
Chicken (ready-to-cook)	28.0	37.2	41.4	42.9	41.9	98
Turkey (ready-to-cook)	6.1	8.6	8.5	9.1	8.5	93
Dairy products:						
Cheese	8.3	10.1	12.2	13.2	13.6	103
Condensed and evaporated milk	13.7	9.0	6.8	6.4	6.0	94
Fluid milk and cream (milk equivalent)	322	285	259	258	254	98
Ice cream (product weight)	18.3	17.8	17.5	17.5	17.8	102
Fats and Oils--Total, fat content	45.3	49.4	52.1	53.3	53.4	100
Butter (actual weight)	7.5	5.5	5.1	4.9	4.8	98
Margarine (actual weight)	9.4	10.5	11.1	11.3	11.4	101
Lard	7.6	5.4	4.3	3.8	3.4	89
Shortening	12.6	15.9	16.8	16.7	16.3	98
Other edible fats and oils	11.5	15.2	18.0	19.6	20.6	105
Fruits:						
Fresh	93.4	81.0	79.8	76.9	75.6	98
Citrus	33.7	31.6	29.2	27.3	27.6	101
Apples (commercial)	18.3	16.2	16.1	17.2	14.6	85
Other (excluding melons)	41.4	33.2	34.5	32.4	33.4	103
Processed:						
Canned fruit	22.6	22.6	21.9	21.7	21.4	99
Canned juice	13.0	11.7	15.9	15.7	15.9	101
Frozen (including juices)	9.1	10.1	10.2	10.1	11.0	109
Dried	3.1	2.8	2.6	2.0	2.4	120
Vegetables:						
Fresh 2/	105.9	98.2	99.2	98.1	100.2	102
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	51.1	52.1	52.7	101
Frozen, excluding potatoes	7.0	9.0	9.7	10.1	10.6	105
Potatoes, fresh equivalent	109.4	109.2	118.9	120.3	118.8	99
Sweetpotatoes, fresh equivalent	7.1	5.8	5.0	4.9	5.2	106
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.4	7.4	100
Corn sirup	10.1	14.1	16.2	18.2	18.2	100
Corn sugar	3.7	4.6	5.0	4.8	4.8	100
Wheat flour 3/	118	112	110	109	109	100
Wheat cereals	2.8	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.7	7.0	7.0	100
Other:						
Coffee (green beans)	15.8	14.8	13.3	13.9	13.6	98
Tea	.59	.69	.77	.77	.79	103
Cocoa beans	3.6	4.2	4.0	4.4	4.2	95
Peanuts (shelled)	4.9	5.7	5.9	6.2	6.3	102
Dry edible beans	7.3	6.9	5.9	6.4	6.4	100
Melons	25.8	22.3	22.6	21.8	21.5	99
Sugar (refined)	97.6	97.3	102.4	103.0	102.4	99
	Mil.	Mil.	Mil.	Mil.	Mil.	Pct.
Civilian population 4/	178.1	195.2	204.2	206.5	208.1	101

1/ Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August.

2/ Commercial production for sale as fresh produce.

3/ Includes white, whole wheat, and semolina flour.

4/ July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Most of the 14 pound drop last year was shared nearly equally by beef and pork. But half-pound per person declines for both veal and lamb represented a greater proportion of their small supply.

First quarter 1974 meat consumption is estimated slightly lower than a year ago. But beginning in the second quarter supplies are expected to exceed the extremely low levels in 1973. Most of the advance likely will come in the second half. By yearend per capita supplies may approach the near record level reported for the fourth quarter in 1971 and 1972.

The expected consumption gain in 1974, though recovering only a third of last year's drop, will be almost entirely in beef. Per capita pork consumption may remain close to last year's rate and veal and lamb use may continue down slightly.

Fishery products.—Sharp declines in catches of some key species were primarily responsible for keeping per capita consumption of fishery products in 1973 slightly below the 12.2 pounds consumed a year earlier. Lower consumption of canned products outweighed a slight gain in the fresh and frozen category.

Salmon was responsible for much of the 0.2 pound per capita reduction in canned fish consumption. The salmon pack declined for the second consecutive year, failing to replenish existing short supplies. Although sardine supplies had been ample during the first half of the year, there was a short pack of domestic sardines. Tuna supplies were ample, with the 1973 pack only slightly below the record a year earlier.

Fresh and frozen fish consumption increased 0.1 pound in 1973 to 7.0 pounds per capita. Consumption of ground fish fillets and frozen fish sticks and portions were above 1972 levels despite some apparent resistance to rising prices. Inventories of these products built up during the year. Also limiting consumption was a reduced supply of major shellfish items. Lower supplies of shrimp resulted from declines in both landings and imports. American lobster sales were down. Increased consumption of scallops and spring lobster did not offset the drop for other shellfish.

Poultry.—Lower broiler output in 1973 resulted in chicken meat consumption declining around a pound below the 42.9 pounds per person in 1972. This was still above any year previous to the record 1972 consumption.

Broiler meat output for 1973 lagged 1972 by around 1 percent. However, output this year is expected to slightly exceed the year earlier volume in the first quarter and continue to gain and run moderately higher during the balance of 1974. Output for all of 1974 may total 3-4 percent above 1973. Prospects for lower pork supplies and high red meat prices will encourage producers to expand but the continued tight feed supply prospects and other uncertainties will temper the expansion.

Despite a record number of turkeys produced in 1973, turkey meat consumption lagged the previous year. High turkey prices during the last half of 1973 apparently caused consumers to buy less. Per capita use of turkey meat in 1973 was around a half pound below the 9.1 pounds of a year earlier. All of the decline occurred in the last half of the year.

The 1973 turkey crop was up 2 percent but turkey meat output was down slightly from 1972 because of lighter marketing weights. Turkey poult placements in late 1973 for marketing in the first half of 1974 indicate turkey meat output in the seasonally light winter and spring months will be 10-15 percent larger than in the same months of 1973. In addition to larger output, cold storage stocks on January 1 were 80 million pounds above the 208 million pounds of a year ago. Thus, first half turkey supplies will be up sharply.

Eggs.—Egg use in 1973 dropped around 14 eggs from the 307 consumed per person in 1972. This is the lowest per capita use since the mid-1930's.

Although egg production for 1973 was down 5 percent it gained on year-earlier levels late in the year. Production will continue to increase and match year-earlier levels in early 1974 and then exceed 1973 output during the balance of the year.

Hatchery activity was up sharply in late 1973 in response to high egg prices and increased profitability of eggs. During the last half of 1973, 32.6 million more egg-type chicks were hatched than the 215 million in the same period of 1972. This will provide about a 15 percent increase in the number of pullets available for flock replacement this winter and spring and should result in a significant increase in egg production by mid-1974.

Dairy products.—Though milk production was some 3 percent below the 1972 level last year, per capita consumption of dairy products remained unchanged. Reduced domestic milk production was offset by more than doubled dairy product imports and a substantial reduction in stocks.

The 3 percent gain in per capita consumption of cheese in 1973 was about half the pace of 2 preceding years. American cheese production rallied at the end of the year bringing 1973 output around 2 percent above the previous year, the smallest gain since 1969. Imports of cheese, up a third over 1972 and record high, represented 8½ percent of domestic use.

The output of manufactured dairy products in 1973 dropped about 5 percent, with the largest declines for butter and nonfat dry milk. Entering 1974, butter and nonfat dry milk output remained well below a year earlier but output of cheese was about a fifth larger.

Though production of milk was down throughout 1973, the rate of decline slackened somewhat by year-end. Milk output will likely remain below year earlier levels in the first half of 1974, but may show some increase toward the end of the year. Although per capita consumption on a milk equivalent basis may

decline in 1974 a continued switch to low-fat items will probably maintain product use close to the 1973 level.

Fats and oils.—Per capita consumption of food fats and oils in calendar year 1974 is expected to average about 53 pounds, or around the same as that now estimated for 1973. Decreasing use of butter and lard will be offset by increasing use of margarine, shortening, and salad and cooking oils. Because of tight lard supplies exports of lard are expected to be down, but use in margarine and shortening probably will hold or may even increase from last year's level.

Peanut supplies are at record levels and more than enough to meet food and farm requirements. Per capita consumption increased to 6.3 pounds (kernel basis) in 1973 and is expected to rise further this year. Use in edible products is strong and probably will continue so. Increased use of peanut butter probably reflects consumer efforts to switch away from high-priced protein items such as meats and dairy products.

Fruit.—Though per capita consumption of fresh fruits remained steady with the 1972 level last year, use of processed fruits rose 5 percent. Almost all of the increase was in citrus products. Processed noncitrus fruits were in tight supply because of reduced carryin from the poor 1972 crop. The normal 1973 crop no more than replenished nearly depleted stocks which had been drawn down in part by restrictions on price levels under the price control regulations.

Another consumption increase is in prospect for 1974, and again it will be largely in citrus products. Though the citrus crop is estimated approximately 7 percent below last year's record, inventories of products are currently high. At least until 1974 crops are harvested, supplies of most noncitrus items will remain tight.

Most of the 7 percent decline this year in the citrus crop is expected to take place in Florida, especially in production of oranges. The Nation's orange crop is now expected to be 8 percent below last year's record—but still the second largest on record. Although Florida received 4 nights of freezing temperatures during December they were not low enought to damage fruit. There has been increasing diversion of fruit to processing plants in Texas as a result of freezing temperatures in December.

Vegetables.—Half pound increases for both canned and frozen vegetables together with a 2-pound gain for consumption in fresh form brought a 1 percent total gain in per capita consumption of vegetables in 1973.

This year consumption of fresh vegetables may slip a little, though remaining in the 98 to 101-pound range of the past ten years. Little change is expected for processed vegetables. The combined pack of canned and frozen vegetables last summer and fall was moderately larger than a year earlier. This, when added to a sharply reduced stock level, left total supply this past fall probably no more than 2 percent above the relatively light quantity available the previous season. Brisk demand for 10 important canned vegetables has steadily worked down the supply to about equal the tight quantity on hand a year ago. Stocks of frozen vegetables on hand January 1 were 5 percent above the moderate amount available a year earlier. Canned and frozen peas, canned corn, and concentrated tomato products are the items in tightest supply.

Per capita consumption of potatoes increased nearly 2 percent in 1973 with all of the gain again in processed forms. A gain of 9 percent for frozen potato products led the way. Overall, little change from 1973 levels can be foreseen for 1974 although supplies until midyear will be tighter than a year ago. Storage stocks of fall crop potatoes on February 1 were 4 percent less than the small quantity on hand a year ago. Supplies are shortest in the East, but fresh market prices have been steadily advancing in recent weeks in all the major production areas. Despite two seasons of relatively light supplies, processing use continues to gain. Processors in the leading States had used 11 percent more of last year's crop up to February 1 than a year ago. Stocks of frozen potato products on January 1 were 19 percent less than a year ago, led by a 24 percent drop for frozen french fries.

Sweetpotato production fell slightly in 1973, at a time when fresh and processing demand was the strongest in years. Processors were unable to pack as much as the market could absorb, and canned supplies will be definitely light at least until the new pack is made next fall.

The supply of dry beans for sale in the 1973/74 marketing season is approximately 9 percent less than the moderate quantity a year earlier. Continued strong export and domestic demand for this usually inexpensive high-protein food will pull stocks to a record low by September. Dry pea supplies are in comparably light supply due to the small 1973 crop and heavy export demand.

Grain products.—A record pace of exports and prospects for extremely small stocks this spring have in recent months pushed wheat prices to record levels. Though stocks by next July may drop to the lowest level in 27 years, supplies for domestic food use are expected to be adequate. With increased demand for low-cost foods, per capita consumption of wheat increased slightly in 1973 and likely will remain at a high level this year. With production at a record level in 1973 and a further increase expected this year, domestic food use will take a decreasing share of new supply. The share was only 30 percent of U.S. production in 1973, compared with 33.5 percent in 1972.

Rice supplies in 1973/74 edged up slightly as a

larger crop more than offset the sharply lower stocks. However, foreign and domestic demand both continue exceptionally strong. Strong import demand by foreign countries and relatively tight supplies in Asia will push U.S. exports to a near record 55.4 million hundredweight. As a result, by summer of 1974 already small stocks will be cut further.

Effects of alternative food supply-demand conditions

The range in domestic food supplies which could occur in 1974 under the conditions described in the outlook for retail prices in this publication would result in per capita food consumption of plus or minus 2½ percent around the most-likely estimates discussed earlier. Under low-supply/high-price conditions, per capita consumption could decline close to 1½ percent from the low level last year. But with large supply, low exports, and lower prices than now expected, the per capita consumption rate would likely exceed 1972's all time record high by nearly 1½ percent, and last year's level by about 3½ percent.

Under the low-supply/high-price alternative the declines from 1973 per capita consumption levels could be about 1 percent for meat and 2 percent for dairy products, but poultry and egg consumption would be up enough to hold the decline for all livestock products to about half a percent. Meat consumption would be below the low 1973 levels through the first half and by the last quarter could be only about 3 percent above a year earlier. Under the high-supply/low-price alternative, livestock product use would rise sharply, about 4 percent above the reduced rate last year and just under the near record high in 1972. Per capita consumption of both meat and poultry would rise about 6 percent, eggs 3 percent and dairy products 1 percent. Meat use per person would be above 1973 levels all year, rising sharply above in the second quarter and reaching 9 percent above during the last half of the year.

A 2½ percent range above and below the expected consumption of crop foods in 1974 could occur, with much of the variation supplied by fruits and vegetables. Under the low-supply/high-price extreme, per capita fruit consumption, both fresh and processed, would decline about 4 percent from the 1973 level. While consumption of fresh vegetables would be down 3 percent, processed vegetables use per person would likely decline only about 2 percent. The upper limit on production of fruits and vegetables would allow some rebuilding of stock levels for processed vegetables and deciduous fruit in addition to providing about a 5 percent increase in per capita consumption. Compared with last year, these alternatives imply either a 3 percent increase or a 2½ percent decrease in per capita consumption of food from crops.

SUPPLY AND UTILIZATION

Utilization slows in 1973

Total net utilization of farm food commodities rose 2.7 percent in 1973, a slightly slower pace than the 3.2 percent increase the previous year (table 7). Exports, which accounted for last year's gain, were up a third as compared to a 22 percent increase in 1972. Domestic food use was down in 1973 in contrast to the 1 percent rise a year earlier. Civilians consumed 2½ percent less agricultural commodities[1], and military food takings, which are far less significant, dropped sharply.

Exports rise sharply again

The quantity of agricultural food commodities exported increased over a third in 1973. All of the gain came from a nearly 40 percent jump for crop commodities. Food commodities discussed here include all agricultural products having any food use. Feed grains and the major oilseeds are primarily nonfoods. Their export has little bearing on the U.S. food supply in a given year, though they affect livestock production in the year as well as in the future. With these essentially nonfood commodities deducted, exports of crops directly related to the 1973 food supply increased nearly 54 percent and total exports increased 40 percent. Livestock product exports, which account for a relatively small part of the total livestock product use, declined a tenth in 1973.

Stocks decline

At the beginning of 1973, stock levels were nearly 4 percent smaller than they were a year earlier. Stock levels further declined and by the end of the year were down nearly 5 percent further. If feed grain and major oilseeds are omitted, the decline during 1973 was a little over 5 percent.

Production Up

Net production of U.S. farm food commodities last year totaled about 2½ percent more than in 1972. Gross crop production was up over 7 percent while

[1]In terms of food at the retail store level the drop is 2 percent on a per capita basis and only 1 percent in aggregate. The drop in consumption of meat had a much heavier weight in terms of farm products than at retail where relatively higher marketing costs give other foods added importance.

Table 7.--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1967-73 1/

Year	Supply			Total annual utilization	Utilization					
					Domestic					Exports and shipments 4/
					Food		Nonfood		Total	
	Production	Imports 2/	Stocks 3/		Civilian	Military	Seed and feed	Other		
	A.--All food commodities indexes: (1967=100) 5/									
1967	100.0	100.0	100.0	100.0	100.0	100.0	---	100.0	100.0	100.0
1968	100.3	111.7	109.1	102.1	102.5	97.9	---	101.6	102.3	100.5
1969	100.7	101.2	116.5	102.6	104.3	83.4	---	101.9	103.8	93.3
1970	98.4	105.1	120.7	105.7	105.7	70.3	---	91.6	104.5	114.1
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972 6/	104.9	115.0	123.4	111.2	109.9	50.3	---	89.5	108.0	135.0
1973 6/	107.5	116.7	118.6	114.2	107.0	41.7	---	92.4	105.2	180.5
	Livestock food commodities (1967=100)									
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	100.6	109.3	128.8	102.1	102.2	99.6	96.7	103.1	102.0	106.2
1969	100.9	114.2	112.0	102.6	103.1	85.1	100.0	102.3	102.6	104.2
1970	103.6	125.0	96.8	104.8	105.8	71.6	102.0	96.1	104.7	109.1
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972 6/	105.9	134.5	102.4	108.0	109.4	49.7	105.0	91.2	107.7	121.1
1973 6/	100.9	145.2	93.3	103.0	104.9	38.8	100.2	80.5	102.8	108.7
	Crop food commodities (1967=100)									
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	101.6	112.1	107.9	102.9	103.0	90.8	105.0	100.8	103.6	99.7
1969	103.8	98.3	116.7	105.3	107.2	76.9	110.2	101.7	107.9	91.7
1970	98.1	100.6	121.8	109.3	105.7	65.4	114.1	89.3	108.1	114.8
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.4	88.5	111.1	109.2
1972 6/	111.8	110.2	124.4	119.9	111.0	57.7	126.9	88.6	116.1	137.0
1973 6/	119.9	109.5	119.8	128.2	111.8	52.7	120.2	98.1	114.2	190.6
	B.--All food commodities: Percentage of annual utilization 5/									
1967	93.0	10.3	-3.3	100.0	83.4	1.9	---	2.8	88.1	11.9
1968	91.3	11.3	-2.6	100.0	83.7	1.8	---	2.7	88.2	11.8
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972 6/	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973 6/	87.7	10.5	1.8	100.0	78.1	.7	---	2.3	81.1	18.9
	Livestock food commodities: Percentage of annual utilization									
1967	97.5	3.3	-.8	100.0	91.9	2.3	2.1	1.4	97.7	2.3
1968	96.0	3.5	.5	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	95.9	3.7	.4	100.0	92.2	1.9	2.1	1.4	97.6	2.4
1970	96.3	3.9	-.2	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972 6/	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973 6/	95.6	4.6	-.2	100.0	93.5	.9	2.0	1.1	97.5	2.5
	Crop food commodities: Percentage of annual utilization									
1967	90.4	14.6	-5.0	100.0	44.6	.7	33.1	3.3	81.7	18.3
1968	89.2	15.9	-5.1	100.0	44.6	.6	33.8	3.2	82.2	17.8
1969	89.4	13.6	-3.0	100.0	45.6	.5	34.7	3.2	84.0	16.0
1970	81.1	13.4	5.5	100.0	43.1	.4	34.5	2.7	80.7	19.3
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972 6/	84.3	13.4	2.3	100.0	41.2	.3	35.0	2.5	79.0	21.0
1973 6/	84.6	12.4	3.0	100.0	38.8	.3	34.0	2.6	72.7	27.3

1/Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-64 data see NFS-136. 2/Includes shipments from U.S. Territories. 3/Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/Includes shipments to U.S. Territories. 5/ Feed and seed omited from total commodities to avoid double counting of use through livestock. 6/Preliminary.

Table 8 .--Production of major food commodities, 1967 and 1970-73 1/

Commodity	Unit	1967	1970	1971	1972	1973	
						Total 2/	Change from 1972
							Percent
Meats (carcass weight) - Total	Mil. lb.	34,238	36,262	37,795	37,040	34,742	-6.2
Beef	Mil. lb.	20,219	21,685	21,902	22,413	21,220	-5.3
Veal	Mil. lb.	792	588	546	458	358	-21.8
Lamb and mutton	Mil. lb.	646	551	555	543	513	-5.5
Pork (excluding lard)	Mil. lb.	12,581	13,438	14,792	13,626	12,651	-7.2
Poultry and eggs 3/							
Eggs	Mil. doz.	5,777	5,711	5,846	5,791	5,510	-4.9
Chicken (ready-to-cook)	Mil. lb.	7,523	8,671	8,720	9,101	9,000	-1.1
Turkey (ready-to-cook)	Mil. lb.	1,883	1,762	1,811	1,939	1,920	-1.0
Dairy products							
Total milk	Bil. lb.	118.7	117.0	118.5	120.3	116.8	-2.9
Cheese 4/	Mil. lb.	1,919	2,201	2,374	2,604	2,651	1.8
Condensed and evaporated milk	Mil. lb.	1,886	1,514	1,492	1,435	1,332	-7.2
Ice cream (product weight)	Mil. lb.	3,578	3,656	3,676	3,697	3,780	2.2
Fats and oils - Total fat content 5/	Mil. lb.	14,546	18,304	18,393	18,354	18,516	.9
Butter (actual weight)	Mil. lb.	1,238	1,143	1,147	1,102	921	-16.4
Lard 6/	Mil. lb.	2,076	1,913	1,960	1,558	1,250	-19.8
Margarine (actual weight)	Mil. lb.	2,114	2,230	2,290	2,361	2,375	.6
Shortening	Mil. lb.	3,226	3,588	3,515	3,532	3,475	-1.6
Other edible fats and oils 7/	Mil. lb.	11,473	15,471	15,505	15,909	16,100	1.2
Fruits							
Fresh:							
Citrus	Mil. lb.	7,454	6,880	6,986	7,030	7,170	2.0
Apples (commercial)	Mil. lb.	3,178	3,531	3,466	3,295	3,500	6.2
Other (excluding melons)	Mil. lb.	3,055	3,477	3,618	3,163	3,524	11.4
Processed:							
Canned fruit	Mil. lb.	4,354	4,488	4,313	4,027	4,378	8.7
Canned fruit juices	Mil. lb.	2,781	3,061	3,161	3,102	3,225	4.0
Frozen (including juice)	Mil. lb.	2,136	2,074	2,082	2,212	2,780	25.7
Dried	Mil. lb.	687	794	636	374	832	122.5
Vegetables 8/							
Fresh 9/	Mil. lb.	21,640	21,844	22,259	22,372	22,027	-1.5
Canned	Mil. lb.	10,703	9,809	10,338	10,299	10,768	4.6
Frozen	Mil. lb.	1,993	1,870	1,952	2,210	2,334	5.6
Potatoes and sweetpotatoes							
Potatoes	Mil. cwt.	306	326	319	296	297	11/
Frozen potato products	Mil. lb.	1,491	2,404	2,565	2,701	2,844	5.3
Sweetpotatoes	Mil. cwt.	13.5	13.4	11.7	12.5	12.4	-.8
Grains							
Wheat	Mil. bu.	1,508	1,352	1,618	1,545	1,711	10.7
Rice, rough	Mil. cwt.	85.1	91.9	83.8	85.8	85.4	-.5
Corn, grain only	Mil. bu.	4,860	4,152	5,641	5,573	5,643	1.3
Other							
Dry edible beans 10/	Mil. lb.	1,522	1,740	1,592	1,812	1,680	-7.3
Melons 9/	Mil. lb.	4,339	4,561	4,492	4,334	4,292	-1.0
Sugar raw basis	1,000 tons	5,294	5,874	5,819	6,015	5,942	-1.2
Peanuts, farmers' stock	Mil. lb.	2,477	2,979	3,005	3,275	3,447	5.3

1/ Calendar year basis except: Fresh citrus fruit for which the season begins in the fall of the previous year; dried fruits on a pack year beginning year indicated; rice on a marketing year ending year indicated. 50-State basis beginning 1960. 2/ Preliminary. 3/ Includes an allowance for nonfarm production. 4/ Excludes full skim, cottage, pot, and baker's cheese. 5/ Includes butter, lard and "other edible fats and oils." 6/ Includes amount used in manufactured food and nonfood products. 7/ Includes cottonseed, peanut, soybean, corn, edible olive, and oleo oils; also oleo stock, oleostearine, and edible tallow which are processed into margarine, shortening, cooking and salad oils, and nonfood items. 8/ Excludes potatoes and sweetpotatoes. 9/ Commercial production for distant markets and for local markets; includes quantities not harvested. Excludes farm garden output for farm household use. 10/ Cleaned basis. 11/ Less than 0.5 percent.

livestock output declined nearly 5 percent. If the large increase in production of feed grains and major oilseeds (which supply only 3 percent of domestic food use) is discounted, however, there was little change in production from 1972 to 1973, with the decline for livestock offsetting the gain in crops. Most of the decline in livestock production last year came in beef, pork, and milk (table 8).

Outlook for 1974

Utilization of all farm food commodities is expected to stay at about the 1973 level. Domestic food use is expected to increase, but will be offset by an expected decline in exports. The prospective decline in exports of commodities directly related to the 1974 domestic food supply is expected to be greater than for all commodities.

The increase in production of all commodities having a food use is expected to fall within a range of 1-10 percent when considering alternative supply-demand conditions described earlier. About a 6 percent rise seems most likely to occur. If this materializes, yearend 1974 stocks will be somewhat higher. However, production of the "primarily feed" commodities is expected to be up more sharply, leaving production having a direct bearing on the food supply during 1974 up at about half the pace expected for all food commodities, though falling within the somewhat more limited range of 1-7 percent.

Production of livestock commodities could range from slightly under the 1973 level to a 4 percent increase, but most likely will increase about 2 percent. For crops, excluding the nonfoods, production is projected to rise close to 7 percent, and within a 4-13 percent range, above last year.

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

SUGAR

Per capita refined sugar consumption totaled slightly over 102 pounds in 1973, down fractionally from 1972. Domestic production declined slightly overall last year, due to a sharp decline for beet sugar. Cane sugar production nearly matched the 1972 level. Imports were also down slightly and beginning stocks this year were down about 104,000 short tons from a year ago.

Consumption requirements up

On January 11, USDA increased 1974 sugar requirements for continental U.S. consumption by 500,000 short tons to 12.5 million tons, raw value. The Floida-Louisiana Mainland cane area quota was increased by 87,000 tons while the remaining 413,000 tons of quota were made available to any foreign sugar producing nation having supplies of raw sugar (except Cuba and Southern Rhodesia) on a first-come, first-served basis.

An earlier action in December 1973 had increased U.S. consumption requirements by 200 thousand tons to 12.0 million tons for 1974 from the original determination of 11.8 million tons announced on November 2. Both USDA actions were required by the Sugar Act in order to achieve the statutory price objective.

Record World Crop

World sugar production for the year ending approximately August 1974 will total an estimated 90.7 million short tons (raw value), up an estimated 8 percent. However, since that estimate was made, production estimates do not look as promising for several important producers. World output is expected to exceed consumption by somewhat less than 2 million tons. Demand has exceeded output in four of the five previous crop years. The 1973/74 jump in production reflects favorable weather as well as record high world prices. The excess in production, if achieved, will prevent further depletion of world stocks.

World prices up

The world price of sugar (spot raw, f.o.b. stowed at Greater Caribbean ports including Brazil) increased irregularly from $9.12 per cwt., in the first calendar quarter of 1973 to $10.51 in the last quarter. The world price exceeded the U.S. price (when adjusted to a comparable basis by deducting freight and duty) throughout most of the year (August through October excepted) and for the year averaged 70 cents per cwt, ($14.00 per short ton) higher.

During January 1974 the gap widened even further, when the world price averaged $4.24 per cwt. above the comparable U.S. price on an adjusted basis. While the current world crop appears sufficient for world consumption needs, world supplies remain tight particularly for prompt delivery, though supplies may loosen as processing begins in Southern Hemisphere countries.

U.S. sugar prices also up

The U.S. raw sugar price averaged $11.20 per cwt. in the fourth quarter last year, up from $9.32 per cwt. in the first quarter. The 1973 average of $10.29 was up $1.20 per cwt. from the 1972 level, more than double

the increase between 1971 and 1972. The January 1974 average of $12.63 per cwt. is up sharply from the December 1973 average of $11.34. Although requirements (quotas) are sufficiently in excess of actual needs (1974 consumption should be on the level of 11.7 million short tons) to cause prices to decline under normal circumstances, but the domestic market continues to remain strong, with no present signs of a price decrease in the offing.

Wholesale refined sugar prices have also increased commensurate with the raw sugar price. The U.S. average retail price (5-lb. package) rose from 14.2 cents per pound in the first quarter of 1973 to 16.4 cents in the last quarter, averaging 15.1 cents for the year, up 8.6 percent from 13.9 cents per pound in 1972.

1974 Outlook

U.S. per capita consumption likely will remain at about the same level as in the past three or four years. U.S. sugar consumption requirements for calendar year 1974 as determined by USDA currently continue at 12.5 million tons (raw value), up 700,000 from final 1973 consumption requirements. This level would seem to be 800 thousand tons higher than the quantity needed for actual consumption needs and would allow for considerable stock increases at both primary and user levels by year-end, if the current level of consumption requirements is maintained throughout the year, and all quotas are filled.

However, the present 12.5 million ton consumption requirement is subject to change by USDA in order to achieve the statutory price objective. Last year the Department of Agriculture took several actions to adjust the consumption requirements to a level consistent with the price objective.

On February 13, the domestic price (New York spot) was $16.50 per cwt., 46 percent above the upper limit of the "corridor" of $11.28 per cwt. A further increase in U.S. consumption requirements this year would probably result in a further rise in the world price which (now above $20.50 per cwt.) would likely pull the U.S. price higher. Until the tight world supply condition loosens as more sugar becomes available from the 1973/74 crop, world prices—and U.S. prices to a lesser extent—will remain near high levels.

Honey prices higher

U.S. honey production totaled 238 million pounds in 1973, up 11 percent from 1972. Honey imports totaled nearly 11 million pounds, down sharply from 39 million pounds in 1972. Because of the generally tight market situation, U.S. honey producers received an average of 44 cents per pound for all types of honey last year, up from 30 cents per pound in 1972. While the U.S. price has gone up sharply, world prices apparently were even higher as U.S. exports totaled over 17 million pounds last year, up from 4 million pounds in 1972. U.S. honey production in 1974 will likely be somewhat below the 1973 level.

COFFEE

Consumption down

Per capita coffee consumption declined in 1973, continuing the downtrend which began in 1962. Based on preliminary data, consumption totaled 13.6 pounds (green bean basis), down from 13.9 pounds in 1972. Regular coffee consumption totaled 11.3 pounds last year, down slightly from 1972, while per capita instant coffee consumption remained at 2.3 pounds.

Domestic coffee roastings totaled 1.89 billion pounds for the first 3 quarters last year, down 4 percent from 1972. The biggest decline was for instant roastings, which declined 6 percent; regular roastings were down about 4 percent. Total roastings for 1973 also are expected to decline some from the 1972 level of 2.66 billion pounds.

1973/74 crop down

The third estimate (December) of the 1973/74 world coffee crop (May/April) is 65.5 million bags (132.3 pounds each). If fulfilled, this would be the smallest crop since 1970/71, down 15 percent from last year. Moreover, exportable production (total harvested production less consumption in producing areas) may total about 45.7 million bags, down 21 percent from the 1972/73 crop.

World production in 1973/74 will be about 10 million bags below requirements and stocks are expected to be drawn down by this amount. Prospects are favorable that the 1974/75 world crop will increase substantially. Coffee trees in Brazil have made good recovery from July 1972 frost damage, and a much larger Brazilian crop is expected.

Proposed international restrictions

The 16 producing countries of the Interafrican Coffee Organization began meetings on November 26 in Addis Ababa to slow the flow of African coffee into world markets. Delegates reviewed the present coffee retention program as well as discussing the role African countries should play in case there are negotiations for a new International Coffee Agreement. Earlier, on November 22 and 23, African and Malagasy Coffee Organization countries (OAMCAF) met in Paris. The group issued a statement reconfirming their intention to restrict their supplies for their market, primarily because Robusta coffee price levels have yet to be high enough to compensate for the 2 devaluations in the dollar since 1971.

The International Coffee Agreement of 1968 as extended has come into full force (though currently

without export or import restrictions) as sufficient countries have signed the Agreement. To allow time for ratification by various countries for a new agreement to come into effect by October 1, 1975, it would need to be formulated by September 30 this year.

U.S. imports—up

U.S. green coffee imports totaled 2.86 billion pounds in 1973, up over 4 percent from the previous year. Imports of roasted coffee in 1973 totaled 46 million pounds (green bean equivalent), up from 36 million pounds in 1972 and continuing an uptrend which began in 1970. Imports of instant coffee totaled a record 157 million pounds (green bean basis), up from 141 million pounds in 1972.

U.S. coffee prices up

Coffee prices rose more slowly in the fourth quarter. There was some further increase in green coffee prices for all types, except Colombian Manizales which declined slightly. Brazil announced in December 1973 it will raise its green coffee price by more than 6 percent during the first half of this year. The scheduled increase in prices would not come all at once but in successive steps with similar price increases scheduled for instant coffee. To beef up its prices, Brazil announced intention to limit its first half 1974 exports to 5.1 million bags, down from 9.1 million bags for the first half of 1973.

Outlook 1974

Coffee imports may decline some this year. Both wholesale green and retail roasted and instant coffee prices appear likely to remain near current high levels for some time. The impact will be greater if producer groups can restrict exports to the United States. With the continuing prospective discouragement of high coffee prices, per capita consumption will likely slip another notch or two this calendar year.

TEA

Based on preliminary data, per capita tea consumption totaled 0.79 pound (dry leaf basis) in 1973, up from 0.77 pound in 1972. This continues the uptrend in tea consumption which began in the 1960's. Tea imports totaled 173 million pounds, up from 151 million pounds in 1972, and nearly matching the 1971 record of 175 million pounds.

Wholesale tea prices (India-Ceylon composite-New York spot) averaged 49 cents per pound, slightly over 2 cents per pound less than in 1972. Retail tea prices averaged 66 cents in 1973 for a package of 48 tea bags, about a penny a package higher than in 1972. Thus, tea bags were almost 2 percent more expensive in 1973 than in the previous year, compared with a 16 percent rise for all food bought in stores.

COCOA AND CHOCOLATE

Consumption down in 1972

Per capita cocoa consumption totaled 4.2 pounds (bean equivalent) last year, down from 4.4 pounds in 1972. A drop in the domestic grind as well as a decline in imports of semiprocessed cocoa and chocolate products contributed to the decrease in consumption. Grindings totaled 616 million pounds last year, down from 637 million pounds in 1972.

Cocoa imports down

Cocoa bean imports totaled only 555 million pounds in 1973, down about 12 percent from the previous year. Lack of available supplies as well as resulting higher prices limited cocoa bean imports last year. Imports of semiprocessed cocoa and chocolate products totaled 258 million pounds (bean equivalent) in 1973, down over 4 percent from the preceding year. Most of the decline resulted from cocoa butter imports dropping sharply, down 13 million pounds from 1972. Cocoa powder imports nearly matched the 1972 level while imports of unsweetened chocolate increased over 5 million pounds.

World cocoa crop up

World cocoa bean production for 1973/74 is now expected to reach 1.45 million metric tons, an increase of 5 percent over the 1972/73 harvest of 1.39 million metric tons. While the size is up, harvesting has been running later than normal in West Africa because of adverse weather during early crop development. World grindings in 1973 decreased slightly from the record level of 1.56 million tons in 1972, and grindings during calendar year 1974 may decline even more. If this occurs, there may be some buildup in world stock levels of cocoa beans.

Cocoa prices high

Because of a tightening world supply situation last year and with the 1973/74 harvest running late, cocoa bean prices (New York spot—"Accra") last year averaged 64 cents per pound, double the 1972 level. Similarly, cocoa butter prices (New York spot) averaged $1.40 per pound, nearly double the 1972 level. Both bean and butter prices have since declined from their July peaks. By December cocoa bean prices

dropped 23 percent from July while cocoa butter prices fell 31 percent.

While U.S. retail prices typically are much more staple and tend to lag cocoa prices, chocolate bar prices (1-oz. bar) were up 6 percent in the fourth quarter of 1973 over the first quarter. Similarly prices of chocolate sirup (16-oz. container) were up 12 percent. The annual changes from 1972 to 1973 were only slightly less.

Outlook 1974

Despite the increase in the size of the 1973/74 world cocoa crop, continuing high cocoa prices are likely to hold the U.S. grind below the 1973 level. At this time it is uncertain whether U.S. imports will change much from the 1973 level. Much will depend on cocoa price levels as well as supply availabilities. Per capita cocoa consumption will likely further decline from the 4.2 pounds posted in 1973.

SALES OF SOY-GROUND BEEF BLENDS IN SELECTED STORES

by
William W. Gallimore

ABSTRACT: A soy-ground beef blend was introduced in retail grocery stores in March 1973. Data from a sample of three grocery chains covering 30 weeks of sales indicated that the soy-ground beef blend accounted for 26 percent of ground beef sales. Market share for the soy-ground beef blend ranged from about 21 to 31 percent during the period.

Key Words: Substitutes, beef, soy proteins, market shares, grocery stores.

The average protein intake of Americans is high. However, all protein is not equal in nutrition or palatability. Increased incomes have increased the demand for animal protein, especially red meat, and the result has been an increase in prices. It has become more difficult for groups with low incomes to purchase the kind and quantity of protein desired. This situation has encouraged introduction of new products as substitutes for certain meat items.

In March 1973, a blend of soy and ground beef was introduced in grocery stores. Previous to this, frozen ground beef products containing low levels of soy had been sold at retail. The blend product was different in that it was fresh ground and contained a much higher percentage of soy.

Arrangements were made with three firms to secure sales data on the soy-beef blends as well as other ground beef products. The stores operated by these firms cover the main population centers with the exception of the Northeast and Northwest. These three firms mixed the soy and ground beef at central plants and shipped the product to their stores. The specific data obtained was the price and quantity of soy-beef blends, regular hamburger, and lean ground beef shipped from the central plants. In addition, the quantity of all beef shipped was obtained.

This article is a progress report on the general trend in share of the market for the blends, regular hamburger, and lean ground beef and the trend in quantities of the products sold. These data are not necessarily an indication of total market shares but measure trends for the selected sample of firms. Although an analysis of price-quantity relationships has not been completed, a few observations will be made concerning price differentials between the blend product and two classes of ground beef.

Background

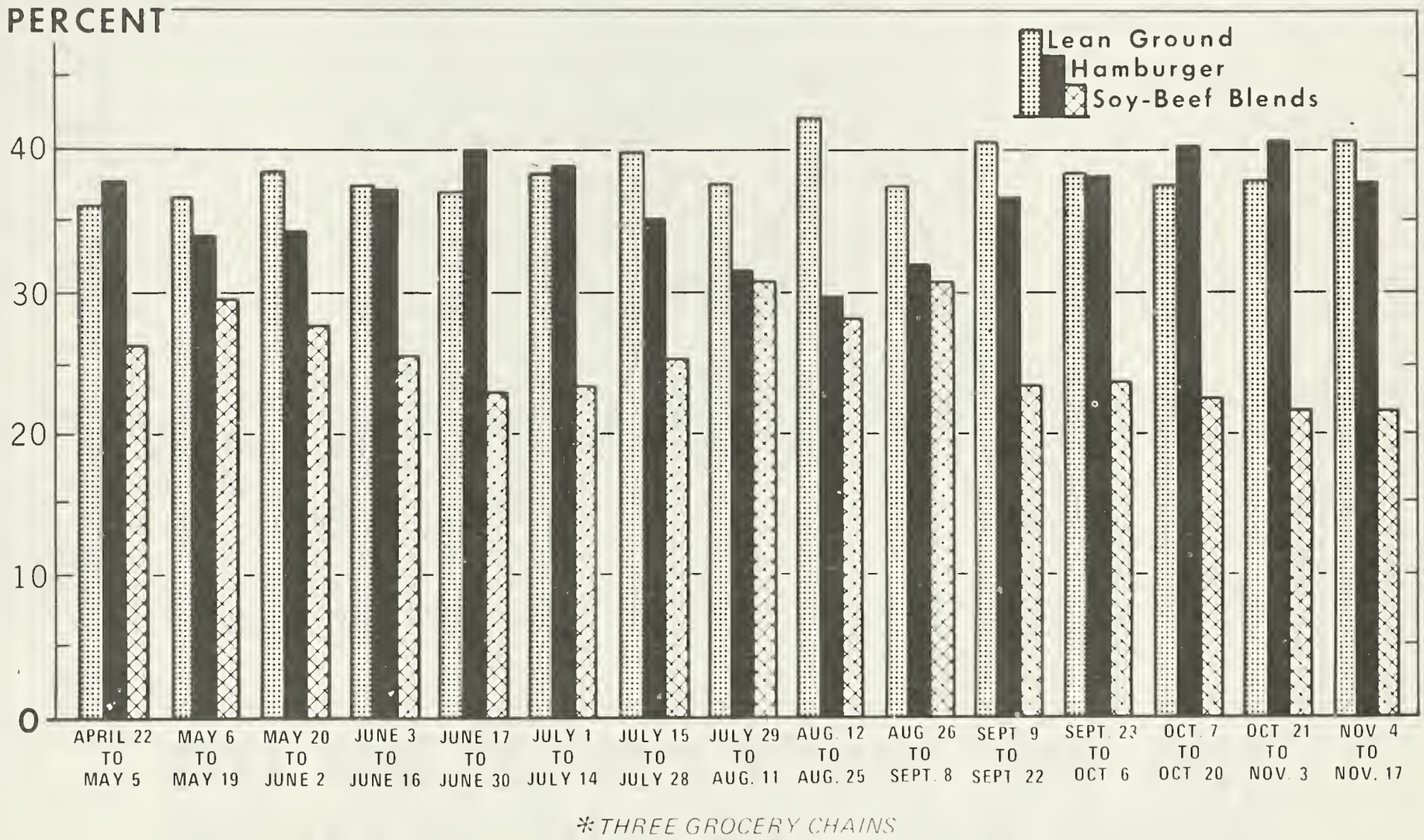
Previous to the introduction of soy-beef blends, meat patties containing soy and ground beef had been available to institutional markets and in retail stores. A number of soy products intended as meat substitutes had been available in special stores. However, most soy products intended as substitutes or extenders for meat had received only limited distribution until the introduction of the soy-beef blends.

The major factor behind introduction of the blends was high red meat prices. A composite retail price, representing all cuts of Choice beef, increased from $1.22 per pound in January 1973 to $1.36 in April. These compare to $1.12 per pound in April 1972. In addition, soy products have been developed that resemble ground beef in texture and maintain this texture through cooking. Many of these new products are relatively bland in flavor and when mixed with ground beef, take on the flavor and color of the ground beef.

After the intitial introduction of the soy-beef blends, other grocery firms quickly followed with their own blends. Most of the blends on the market contain 25 percent rehydrated soy by weight. The blends generally contain less fat than the 30 percent maximum allowed in ground beef.

The soy-beef blend is now sold in most sections of the country although the availability is not uniform. Blends of soy and ground beef are offered by national

MARKET SHARES FOR HAMBURGER, LEAN GROUND BEEF AND SOY-GROUND BEEF BLENDS, 1973*



*THREE GROCERY CHAINS

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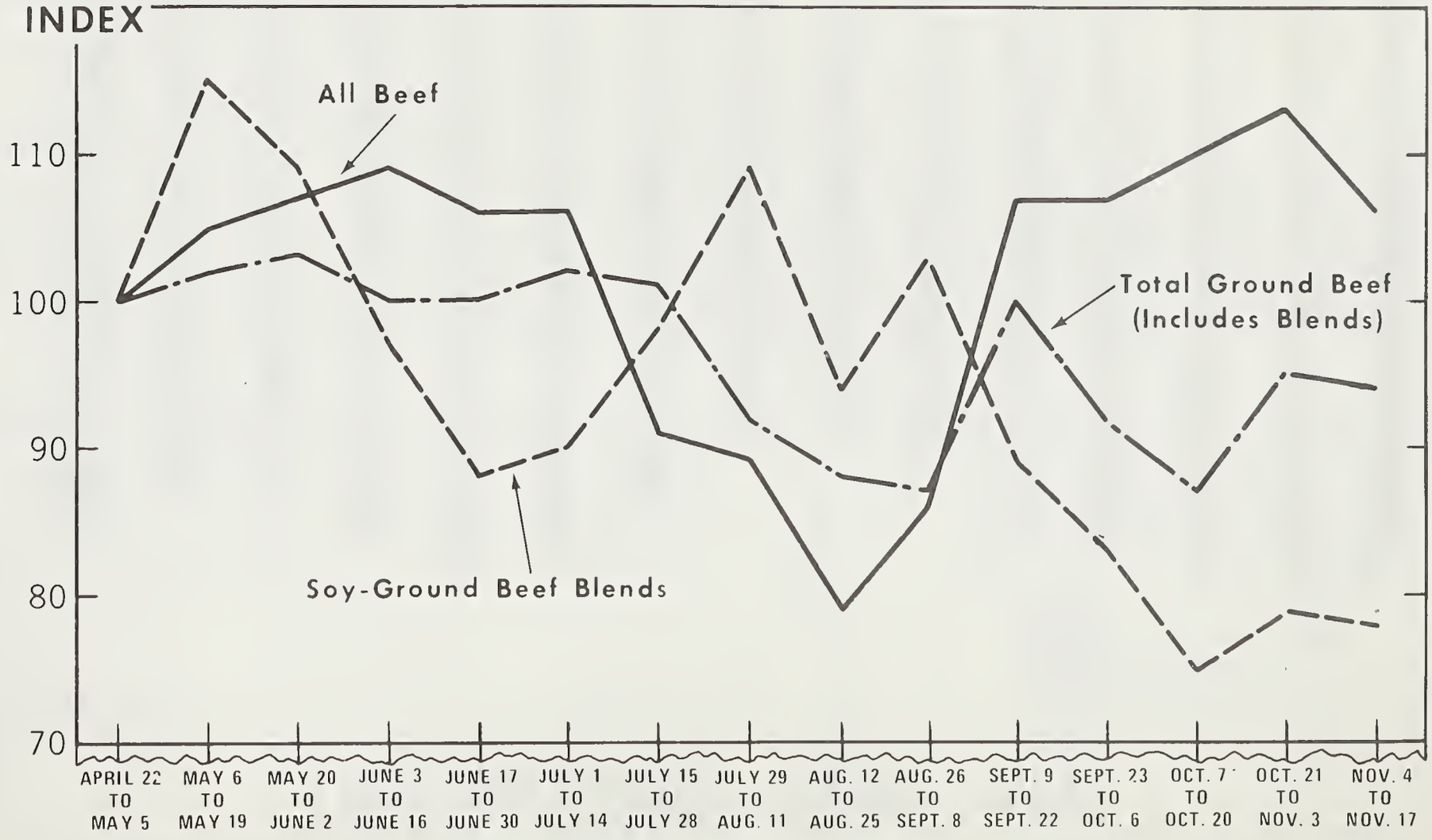
Figure 10

INDEXES OF TOTAL BEEF, TOTAL GROUND BEEF AND SOY-BEEF BLENDS SOLD, 1973*



*THREE GROCERY CHAINS.

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Figure 11

and regional chains as well as local stores. In some instances, a major chain may not have the product in all divisions.

The blend product is handled in the same way as regular ground beef. The most common practice is to coarse grind the beef at a central location and at this time mix in the rehydrated soy product. The blend is then shipped to stores where it is fine ground and put in consumer packs. The blend is displayed in the meat counter and handled in the same manner as regular hamburger. The product is not called hamburger but is given a fanciful name, and the ingredients are listed on the label. In most instances, advertising and point of sales materials indicate the percentage of soy in the product. Some firms mix the blend product at individual stores rather than at a central plant.

Market Shares

Shares of the market for the soy-beef blend, hamburger, and lean ground beef (including all categories of lean ground) are shown in figure 10. Each reporting period covers 2 weeks. However, all stores had introduced the product 1 to 5 weeks before the first period reported here. The blend product had about 26 percent of the ground beef market in the beginning period, increased this share to around 30 percent in August and early September, then decreased and held between 20 and 25 percent through the last period. These data indicate the blend is probably a more direct substitute for the regular hamburger than for the lean ground. This suggests that the blend may be more acceptable in various prepared dishes than cooked as a pattie, but additional research is needed to determine if this is true.

Trends in Volume

Volume figures were converted to index numbers for the blend, ground beef, and total pounds of beef (figure 11). From the fourth to the ninth period, June 3 through August 25, the volume of beef moving through the stores decreased. This abnormal supply situation reflected the Government freeze placed on meat prices. The quantity of the blend increased from the fifth period to the eighth, and part of this increase could have been a result of the scarcity of red meat and an attempt to stretch supplies by converting more ground beef into blend products. Total beef sales began to increase in late August, and in September rose above levels achieved in early June. Quantity of the blend product sold decreased during September but appeared to stabilize during October and November. Additional data are being received and the final analysis will indicate whether the blend product sales will continue at present levels.

Price Differentials

The blend product sells for a lower price than regular hamburger, the major reason for its success. The blend was usually priced 15 to 20 cents a pound below regular hamburger. The absolute price level of the blend ranged from 69 cents to well over a dollar per pound.

An analysis of the price-quantity relationships has not been completed. However, an inspection of the data indicates that even at the high meat prices prevailing during the April-September period, sales of the blend dropped when the blend sold at less than 10 cents per pound below regular hamburger. Hopefully, additional analysis will show the relationship between quantity sold and the price differentials as well as the relationship between the price differential needed to maintain a given market share and the absolute price of ground beef.

* * *

Preliminary results presented in this article suggest the analysis of the completed data will yield information that will aid in determing per capita consumption of certain soy products used as meat extenders. The elasticity coefficients should provide a better basis for predicting consumption of soy-beef blends with relative changes in the price of blends and ground beef. Impacts for the red meat industry will be analyzed and the report published as a bulletin by the Economic Research Service, U.S. Department of Agriculture.

Table 9.--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products			Processed foods and feeds														
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Meats			Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil products	Cereal and bakery products	Sugar and confectionery	Beverages 4/	Total 5/	All food 6/	Industrial commodities 7/	All commodities
				Beef and veal	Pork	Total												
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	111.4	106.6	102.5	104.2	98.5	102.2	105.8	108.1	104.8	106.5	98.1	100.9	102.8	102.8	102.2	103.4	102.5	102.5
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
January	92.6	124.9	117.8	134.2	114.5	124.2	108.3	156.3	117.3	116.0	121.7	112.2	120.1	116.4	117.2	118.9	115.9	116.3
February	91.9	127.5	120.7	137.1	121.4	129.5	116.2	156.2	117.5	116.1	121.1	112.4	121.1	116.8	118.8	120.8	116.5	117.3
March	107.7	112.8	119.7	134.0	111.5	124.8	117.5	160.1	118.0	116.7	120.8	112.6	121.9	116.7	118.6	119.3	116.9	117.4
April	87.2	117.6	119.1	128.9	109.1	121.3	106.5	163.8	117.5	118.3	120.7	112.8	121.1	117.2	117.7	118.0	117.3	117.5
May	90.6	120.6	122.2	133.1	115.7	125.9	109.3	155.1	117.4	119.0	120.7	113.3	120.8	117.2	118.6	119.4	117.6	118.2
June	91.9	121.7	124.0	139.6	121.4	131.1	115.1	153.1	115.3	119.5	121.5	113.3	121.3	117.8	119.6	120.7	117.9	118.8
July	102.2	129.9	128.0	139.9	129.3	134.4	127.4	157.3	117.7	119.6	121.4	113.6	122.2	117.9	121.5	123.4	118.1	119.7
August	99.3	138.9	128.2	133.4	128.1	131.4	118.1	156.2	118.6	120.2	121.5	115.3	121.3	118.9	121.0	123.3	118.5	119.9
September	114.9	138.1	128.6	130.0	127.5	129.7	122.1	159.9	119.0	120.1	121.5	116.1	121.6	119.1	121.8	123.9	118.7	120.2
October	99.1	122.8	125.5	128.3	127.8	128.7	117.1	161.2	120.0	121.8	123.2	116.9	123.5	118.8	121.8	122.3	118.8	120.0
November	123.1	141.8	128.8	124.6	122.5	124.7	116.2	169.2	121.8	123.8	121.6	118.3	121.7	119.4	123.1	124.2	119.1	120.7
December	143.9	134.6	137.5	138.0	136.1	135.7	115.7	165.7	123.0	124.7	119.2	120.1	122.1	119.7	129.4	127.3	119.4	122.9
1973	165.7	168.1	176.3	163.6*	160.5*	163.4*	177.2*	190.8*	131.1	129.6	143.6*	134.4	132.3	121.7	148.1	146.9*	127.0	135.5
January	158.2	151.2	144.2	145.5	145.4	143.1	135.4	174.5	123.8	125.3	119.7	121.0	121.5	119.8	132.4	132.0	120.0	124.5
February	130.1	146.9	150.9	158.5	150.6	152.4	142.5	172.0	124.0	125.9	122.2	120.8	124.4	120.0	137.0	133.9	121.3	126.9
March	152.6	158.5	160.9	168.2	156.8	163.5	169.4	174.7	126.8	126.2	127.0	121.3	125.7	120.8	141.4	140.4	122.7	129.7
April	144.9	176.0	160.6	167.5	143.8	158.7	184.7	176.6	127.2	126.6	125.6	123.7	126.9	121.4	139.8	141.6	124.4	130.7
May	137.1	186.0	170.4	166.1	147.3	158.4	177.6	180.3	126.5	127.2	131.6	124.3	129.0	121.9	145.0	142.6	125.8	133.5
June	159.4	197.5	182.3	169.5	150.8	161.9	180.1	173.6	127.5	127.9	137.4	125.9	131.0	121.4	151.8	146.0	126.9	136.7
July	155.2	187.8	173.3	171.6	160.3	165.8	184.1	186.6	127.1	127.7	137.2	125.5	131.1	121.1	146.5	146.7	126.9	134.9
August	209.6	162.^	213.3	171.6	207.7	192.1	248.5	193.6	131.3	129.3	161.6	136.2	135.7	121.2	166.2	160.2	127.4	142.7
September	191.5	149.0	200.4	181.9	175.6	181.6	215.1	203.6	137.2	130.0	160.1	147.7	136.9	121.6	156.3	156.4	128.1	140.2
October	177.7	162.1	188.4	158.5	162.3	163.7	184.8	208.9	139.6	135.0	167.6	150.5	139.8	123.0	153.1	154.1	129.6	139.5
November	181.2	168.2	184.0	150.9	162.8	159.7	155.3	222.3	139.9	136.3	164.8	156.2	143.8	123.8	151.9	153.4	133.5	141.8
December	190.6	171.6	187.2	153.1	163.1	160.3	148.8	223.1	142.3	137.8	168.7	160.1	142.0	124.4	155.7	156.0	137.1	145.3
	Seasonally adjusted																	
1972																		
January	84.5	122.2	117.9	135.8	112.6	125.2	108.6	152.1	117.4	116.3	121.6	---	120.1	---	117.1	118.4	---	---
February	92.2	123.8	118.8	135.1	120.7	129.2	112.5	152.8	117.7	116.3	120.5	---	121.6	---	118.1	120.5	---	---
March	104.8	109.5	118.3	130.6	114.1	123.6	112.3	157.5	118.6	117.3	120.3	---	122.4	---	118.4	118.6	---	---
April	95.9	118.4	119.2	127.8	115.4	120.9	108.3	162.7	117.3	118.3	120.5	---	121.8	---	118.1	118.6	---	---
May	110.4	114.4	120.9	130.0	117.5	125.7	109.4	157.5	116.9	118.6	121.2	---	121.2	---	118.5	119.5	---	---
June	106.2	116.7	121.8	135.7	117.9	128.1	113.7	154.3	115.0	119.0	121.7	---	121.4	---	119.1	120.0	---	---
July	98.8	133.5	125.5	133.9	119.8	128.5	120.0	157.9	117.6	119.1	121.9	---	121.5	---	119.9	121.8	---	---
August	108.1	144.4	128.7	133.3	123.6	129.5	117.8	158.8	118.7	119.7	122.0	---	120.7	---	120.5	123.3	---	---
September	103.0	139.8	130.7	132.5	125.7	130.1	119.1	161.8	119.4	120.2	122.2	---	121.1	---	121.9	123.3	---	---
October	105.7	134.9	128.6	134.5	128.6	132.1	120.7	165.5	120.1	122.2	123.0	---	122.4	---	122.8	124.3	---	---
November	116.2	141.2	132.4	130.8	129.8	129.9	121.0	167.8	121.8	123.7	121.0	---	121.9	---	124.5	125.2	---	---
December	118.0	135.8	137.8	141.8	140.2	139.6	127.3	165.9	122.6	124.9	119.1	---	122.7	---	130.4	128.0	---	---
1973																		
January	144.3	147.9	144.3	147.4	143.0	144.2	136.1	169.8	123.9	125.7	119.6	---	121.5	---	132.3	131.6	---	---
February	130.5	142.6	148.5	155.5	149.6	151.7	137.8	168.4	124.2	126.2	121.6	---	124.9	---	136.2	133.6	---	---
March	148.4	153.9	159.0	163.8	160.3	161.9	161.6	171.9	127.4	126.8	126.5	---	126.2	---	141.1	139.6	---	---
April	159.4	177.2	160.8	166.3	152.0	158.0	187.9	175.1	126.9	126.6	125.3	---	127.7	---	140.2	142.3	---	---
May	167.0	176.5	168.5	162.2	149.5	158.1	177.8	183.0	126.0	126.8	132.1	---	129.4	---	144.9	142.7	---	---
June	184.3	189.4	179.1	164.7	146.4	158.1	178.0	175.0	127.1	127.4	137.7	---	131.1	---	151.2	145.3	---	---
July	150.1	193.0	169.9	164.2	148.6	158.5	173.5	187.3	127.0	127.2	137.8	---	130.3	---	144.6	144.8	---	---
August	228.1	168.6	214.2	171.6	200.3	189.4	248.0	196.7	131.4	128.8	162.2	---	135.0	---	165.5	160.2	---	---
September	171.7	150.8	203.7	185.4	173.2	182.1	209.9	206.1	137.6	130.1	161.1	---	136.4	---	156.5	155.8	---	---
October	189.4	178.1	193.0	166.1	163.3	168.1	190.5	214.5	139.7	135.4	167.3	---	138.6	---	154.3	156.6	---	---
November	171.1	167.5	189.1	158.3	172.5	166.4	161.8	220.3	139.9	136.2	164.0	---	144.1	---	153.6	154.6	---	---
December	156.4	173.2	187.6	157.3	168.0	164.9	163.7	223.3	141.9	138.1	168.5	---	142.7	---	157.0	156.8	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal fceds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. * Annual data computed by ERS.

Bureau of Labor Statistics.

Table 10. --Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home																	Consumer Price Index, less food	Consumer Price Index
	Meats			Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages	Total	Food away from home	All food		
	Beef and veal	Pork	Total 2/						Fresh	Processed	Total								
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	104.1	100.2	102.3	103.1	101.6	107.8	103.3	97.7	109.4	105.6	107.9	100.4	103.4	101.9	103.2	105.2	103.6	104.4	104.2
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
January	130.8	109.2	121.1	108.4	134.7	108.0	116.4	117.2	122.1	119.2	120.9	113.7	120.1	120.4	118.2	128.6	120.3	124.0	123.2
February	136.1	119.4	127.5	110.7	137.0	101.4	116.9	117.6	126.8	119.5	123.9	114.3	120.5	120.7	120.5	128.9	122.2	124.2	123.8
March	137.1	118.2	127.9	111.6	138.3	107.5	117.3	118.2	122.3	119.9	121.4	114.8	121.2	120.9	120.6	129.4	122.4	124.5	124.0
April	135.9	116.7	126.9	109.4	139.8	102.9	117.4	118.0	123.2	120.3	122.1	115.0	121.4	120.9	120.4	130.0	122.4	124.9	124.3
May	134.1	115.4	125.6	108.4	140.2	101.7	117.3	117.6	126.7	119.8	123.9	114.7	121.4	121.0	120.2	130.4	122.3	125.4	124.7
June	135.8	118.0	127.5	108.9	141.3	94.2	117.0	117.0	132.2	119.9	127.2	114.5	120.6	120.5	120.9	130.9	123.0	125.7	125.0
July	139.4	124.0	131.3	111.8	142.0	101.9	116.8	115.7	134.1	120.0	128.4	114.4	120.4	120.3	122.4	131.3	124.2	125.9	125.5
August	140.2	125.4	132.5	110.6	142.8	105.0	116.6	115.5	133.4	120.2	128.1	114.4	120.5	120.6	122.7	131.9	124.6	126.1	125.7
September	138.3	127.1	132.3	112.6	144.4	114.0	116.9	115.6	128.9	121.0	125.7	114.6	120.7	121.7	122.8	132.5	124.8	126.7	126.2
October	137.3	129.2	132.7	112.0	145.8	114.5	117.1	115.3	126.7	121.2	124.5	114.6	120.9	122.6	122.8	132.8	124.9	127.1	126.6
November	137.7	128.6	132.9	110.2	148.0	113.6	117.7	115.5	129.5	122.1	126.5	115.0	121.1	122.9	123.4	133.3	125.4	127.4	126.9
December	136.8	128.4	132.5	110.2	148.6	128.0	118.3	115.2	130.6	122.4	127.3	115.8	121.4	123.1	124.1	133.7	126.0	127.6	127.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
January	142.9	135.0	137.7	116.1	149.2	151.6	119.1	114.6	135.5	123.1	130.5	116.3	121.7	123.9	127.2	134.2	128.6	127.4	127.7
February	152.3	142.2	145.2	120.7	151.3	141.2	121.0	114.7	139.8	123.7	133.3	117.8	122.8	125.6	130.1	134.7	131.1	127.9	128.6
March	160.2	149.8	153.0	150.7	152.8	136.2	121.5	115.3	145.1	124.5	136.8	119.0	124.0	126.4	134.2	135.7	134.5	128.4	129.8
April	162.9	150.7	156.1	150.1	156.1	138.8	121.8	117.9	152.6	125.7	141.8	120.2	125.3	127.2	136.4	137.0	136.5	129.1	130.7
May	162.7	150.0	155.9	150.4	160.2	138.7	123.2	119.9	156.9	126.3	144.6	122.1	126.3	129.5	137.6	138.9	137.9	129.7	131.5
June	163.5	151.4	156.7	150.8	163.7	146.6	124.1	122.1	168.2	127.2	151.7	123.0	127.6	131.4	139.9	139.8	139.8	130.3	132.4
July	164.3	153.4	157.8	154.6	163.3	151.3	124.1	122.8	171.3	127.6	153.7	123.5	127.9	131.7	140.9	140.9	140.9	130.4	132.7
August	175.4	197.0	180.0	225.4	165.2	198.4	126.6	125.0	168.4	129.1	152.6	124.7	128.8	131.9	151.3	142.4	149.4	130.9	135.1
September	177.0	191.3	180.8	185.9	167.1	188.4	130.3	135.7	141.3	131.2	137.3	132.4	129.6	132.1	149.2	145.1	148.3	131.8	135.5
October	170.6	177.2	172.7	157.7	170.8	179.2	137.3	149.8	141.6	134.7	138.8	139.0	131.2	133.2	148.7	147.7	148.4	133.1	136.6
November	167.7	172.2	169.2	149.7	175.8	169.1	141.2	154.6	145.1	141.6	143.7	145.8	135.6	134.2	150.1	149.7	150.0	134.0	137.6
December	165.7	170.1	167.6	145.9	178.1	182.7	144.9	155.9	144.0	147.2	145.3	148.5	138.4	135.4	151.5	150.7	151.3	134.7	138.5
	Seasonally adjusted																		
1972																			
January	132.1	110.8	122.3	109.6	134.6	97.7	5/	---	123.5	119.1	122.0	113.8	120.2	120.6	118.6	128.7	120.5	124.1	123.4
February	137.5	120.6	128.7	110.9	136.6	97.3	5/	---	129.5	119.6	125.4	114.3	120.7	120.7	120.7	129.0	122.4	124.4	123.9
March	137.2	117.7	127.8	110.6	138.0	105.8	5/	---	122.1	120.0	121.3	114.6	121.2	120.9	120.7	129.7	122.4	124.6	124.1
April	134.6	117.3	126.4	109.3	139.4	103.3	5/	---	121.3	120.2	120.9	114.7	121.3	120.8	120.2	130.0	122.3	124.9	124.3
May	133.4	117.3	126.0	108.9	139.9	109.7	5/	---	122.3	119.9	121.4	114.6	121.2	121.0	120.2	130.5	122.3	125.4	124.7
June	135.0	118.6	127.1	107.8	141.2	108.4	5/	---	124.5	120.1	122.7	114.5	120.5	120.3	120.3	131.0	122.5	125.6	124.8
July	137.2	121.7	129.5	109.1	142.3	109.7	5/	---	126.3	120.1	123.8	114.3	120.4	120.2	121.2	131.3	123.3	125.9	125.3
August	138.0	122.2	130.3	108.9	143.1	106.1	5/	---	129.6	120.3	125.8	114.4	120.5	120.5	121.8	131.8	123.9	126.2	125.7
September	137.2	124.4	130.9	110.6	144.8	111.3	5/	---	131.8	120.8	127.4	114.7	120.7	121.9	122.7	132.4	124.8	126.7	126.2
October	138.0	128.0	132.7	112.8	146.1	112.4	5/	---	134.8	121.2	129.3	114.7	121.0	122.5	123.5	132.7	125.5	126.8	126.6
November	139.8	129.8	134.4	112.8	148.6	114.3	5/	---	135.9	122.0	130.1	115.2	121.2	122.9	124.6	133.2	126.4	127.1	127.0
December	139.7	131.0	134.9	113.7	148.3	117.4	5/	---	136.8	122.2	130.4	115.9	121.4	123.3	124.5	133.7	126.3	127.5	127.2
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February	153.8	143.6	146.5	120.9	150.8	135.5	5/	---	142.8	123.8	134.9	117.8	123.0	125.6	130.4	134.8	131.4	128.2	128.8
March	160.4	149.2	152.8	149.4	152.5	134.1	5/	---	144.8	124.6	136.7	118.8	124.0	126.4	134.3	136.0	134.5	128.5	129.9
April	161.3	151.5	155.5	150.0	155.6	139.4	5/	---	150.2	125.6	140.4	119.8	125.2	127.1	136.1	137.0	136.4	129.1	130.7
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June	162.5	152.2	156.2	149.3	163.5	168.7	5/	---	158.4	127.5	146.3	123.0	127.5	131.1	139.2	139.9	139.2	130.2	132.2
July	161.7	150.5	155.6	150.8	164.1	162.9	5/	---	161.3	127.7	148.2	123.4	127.9	131.6	139.5	140.9	139.9	130.4	132.5
August	172.6	192.0	177.0	221.9	165.5	200.4	5/	---	163.7	129.2	149.9	124.7	128.8	131.8	150.2	142.3	148.5	131.0	135.1
September	175.6	187.2	178.8	182.6	167.6	184.0	5/	---	144.5	130.9	139.1	132.5	129.6	132.4	149.1	145.0	148.3	131.8	135.5
October	171.5	175.6	172.7	158.8	171.1	175.9	5/	---	150.6	134.7	144.1	139.1	131.3	133.1	149.6	147.6	149.1	132.8	136.6
November	170.3	173.8	171.1	153.2	176.5	170.1	5/	---	152.3	141.5	147.8	146.1	135.7	134.2	151.6	149.6	151.2	133.7	137.7
December	169.3	173.6	170.7	150.6	177.7	167.6	5/	---	150.8	146.9	148.9	148.6	138.4	135.7	152.0	150.7	151.6	134.6	138.4

1/For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. After December 1963 computed by Economic Research Service using data for items additional to those in the CPI. Data for 1972 and 1973 are revised. 5/ Slight seasonal variation statistically insignificant.

Bureau of Labor Statistics.

SPECIAL ARTICLES APPEARING IN THE NATIONAL FOOD SITUATION
DURING 1969-73 1/

1973

Nutritional Review, NFS-146, November 1973
The Changing Pattern of Eating Out, NFS-144, May 1973
Total Consumer Buying of Fresh Versus Processed Foods Remains Stable, NFS-144, May 1973

1972

Spice Trends in the United States, NFS-142, November 1972
Enrichment and Fortification of Foods, 1966-70, NFS-142, November 1972
Nutritional Review, NFS-142, November 1972
Food Use by the Foodservice Industry, NFS-141, August 1972
U.S. Families Still Preserve Food at Home, NFS-140, May 1972

1971

The Downtrend in U.S. Coffee Consumption, NFS-138, November 1971
Nutritional Review, NFS-138, November 1971
Percent of Income Spent for Food--Estimates from National Income and Household Survey, NFS-137, August 1971

1970

Nutritional Review, NFS-134, November 1970
Tea Situation: Trends and Prospects, NFS-134, November 1970
Food in the 1960's: Prices, Consumption, and Expenditures, NFS-133, August 1970
Consumption of Corn, Oats, and Barley Food Products, NFS-132, May 1970
Foods Eaten Away From Home, NFS-132, May 1970
Food: A Special Issue in Welfare Programs, NFS-131, February 1970

1969

Grocery Store Sales in 1968, NFS-130, November 1969
Cyclamate Sweeteners, NFS-130, November 1969
Nutritional Review, NFS-130, November 1969
USDA Domestic Food Programs, NFS-129, August 1969
A Cross-Sectional View of U.S. Food Consumption, NFS-128, May 1969
Sweetener Situation, NFS-127, February 1969
Coffee Situation, NFS-127, February 1969

1/ For 1962-66 see National Food Situation, NFS-119, February 1967; 1967-68 see National Food Situation, NFS-139, February 1972.

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NATIONAL FOOD Situation

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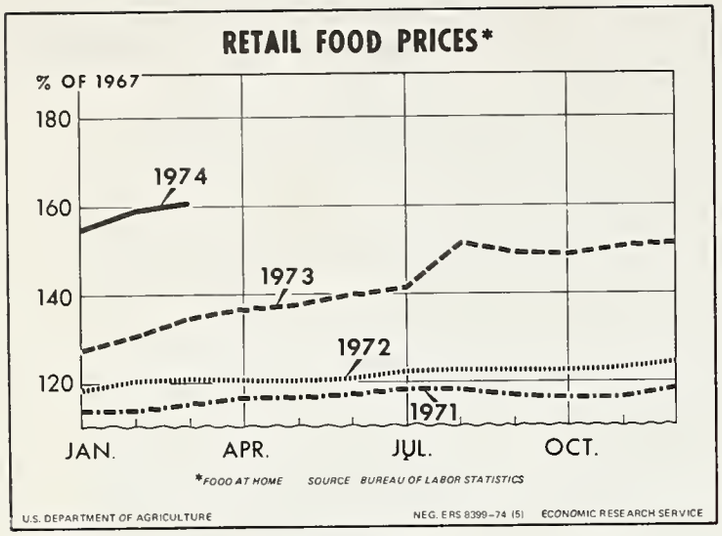
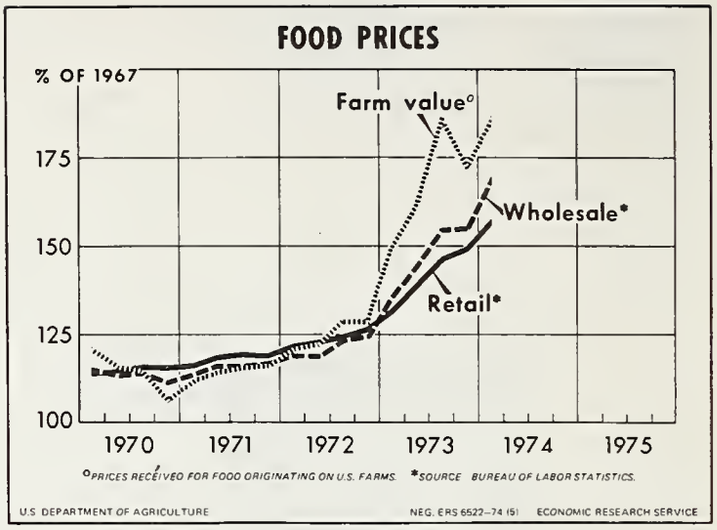


Figure 1



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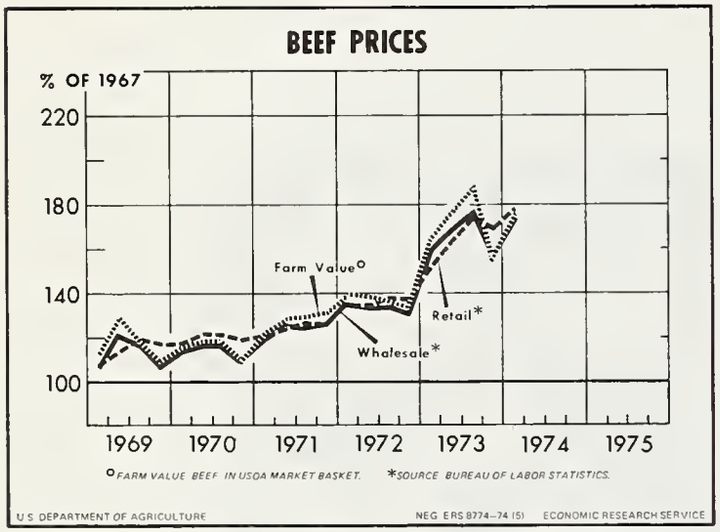

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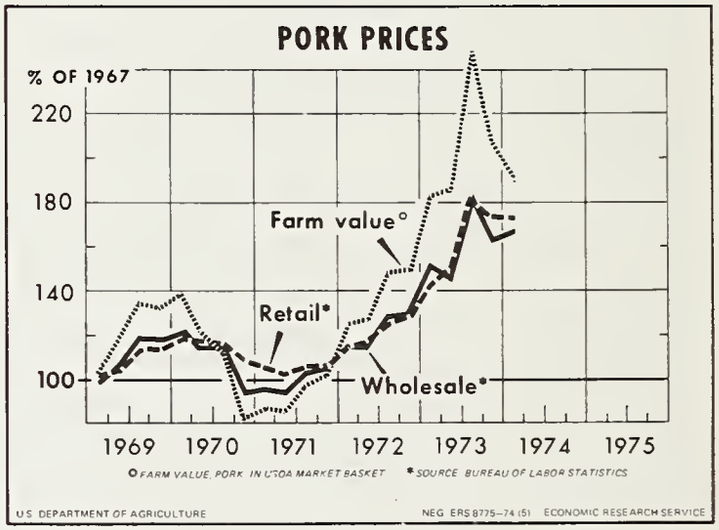

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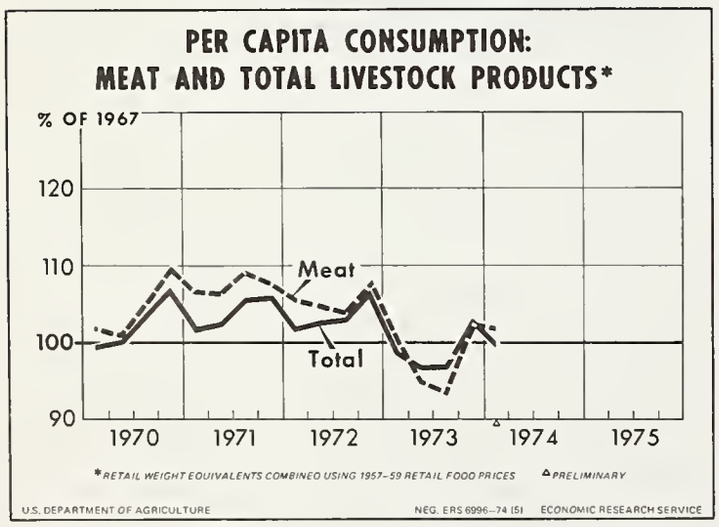

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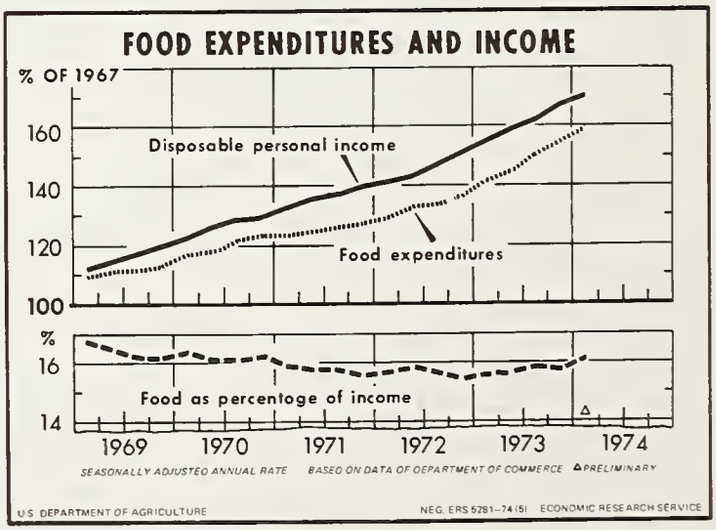

Figure 6

NATIONAL FOOD SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
May 8, 1974

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The *National Food Situation* is published in February, May, August, and November.

SUMMARY

The outlook for retail food prices for the remainder of 1974 remains similar to what we predicted in February: After the sharp first quarter increase, a smaller rise in the second quarter, then little change in the third and possibly a small decline in the fourth. In other words, most of this year's price increases may already have occurred. Still, the annual average of retail food prices for 1974 is expected to be about 12 percent over last year's average.

The 4½ percent increase in food prices in January-March above fourth quarter 1973 essentially reflected a spillover of the abnormal supply-demand conditions of last year. There were tightening supplies, higher farm prices, and increasing costs of processing, transporting, and distributing food products.

Retail prices for many food items will probably continue to rise during the second quarter, but some offsets are likely. Farm prices generally have fallen during the past month and retail prices for some items, especially red meats and poultry products, have declined in recent weeks. Since increases are likely to outweigh declines, however, the second quarter average of all retail food prices is expected to be up 1-2 percent from the first quarter. The direct impact of removing price controls from the food industry is expected to be minimal and likely will be overshadowed by market forces of supply and demand.

Grocery store food prices in the third quarter are likely to remain close to the second quarter level, and the fourth quarter average may show a small decline. These prospects hinge on several factors. If weather remains generally favorable, a sharp increase in agricultural production is likely this year. Exports of farm goods are likely to ease and the domestic economy has slowed, pointing to a lessening of some of the demand pressures.

However, since both weather and economic conditions here and abroad can still have a pronounced impact, there is a wide range possible for retail food prices during the remainder of 1974. If farm output does not expand as much as now seems likely, if export demand increases from present levels, and if domestic food demand increases sharply, then

retail food prices could rise an additional 5-6 percent between the first and third quarters before stabilizing by yearend. Conversely, if output increases more than expected and demand slackens further than now seems likely, retail food prices could decline by 1-2 percent per quarter through the end of the year. The ranges in resulting annual average price changes are depicted below:

Food price	1973	1974 (estimated)		
		Most likely	High	Low
	Percent increase over year earlier			
Food at home	16	12	16	8
Food away from home	8	12	14	10
All food	14½	12	15	8

Food expenditures in the first quarter of 1974 rose to about $150 billion (seasonally adjusted annual rate), up $5 billion from the fourth quarter rate. Most of the change reflected a sharp increase in expenditures for food eaten at home—a rise of $4.8 billion to $117.5 billion. Expenditures on resturant meals and snacks rose fractionally. Because food expenditures rose at a more rapid pace than disposable personal income, the share of income allocated to food rose from 15.8 percent in the fourth quarter to 16.1 percent in the first quarter.

Total monthly participation in the USDA family food programs rose by 500 thousand to 15.1 million people in the first quarter of 1974 from the fourth quarter of 1973. The increase reflected greater participation in the Food Stamp Program. The value of bonus food stamps (the Federal cost) rose 44 percent to $800 million in the first quarter of 1974. The total value of all USDA food assistance programs was equal to about 3.6 percent of personal consumption expenditures for food, as opposed to 3.1 percent in the first quarter of 1973.

Nearly all of last year's 1½ percent drop in per capita food consumption is expected to be recouped in 1974. Another 1 percent gain for crop foods is likely this year, to a level nearly 2½ percent above 1972, but the 2 percent advance expected for animal-related foods in 1974 will still leave a 2 percent deficit from 1972. Among animal related foods, meat and egg consumption will continue below 1972 levels.

Per capita consumption of all animal related foods except dairy products will advance during 1974. Poultry and fish consumption rates per person are expected to be at record high levels. Gains in per capita consumption of the major crop foods are expected to be about the same magnitude as in 1973, although continued declines for coffee and cocoa are expected.

With an expected slowing of exports in the second half of 1974, total use of farm food and feed commodities likely will decline slightly from the high levels of the last 2 years. Sharply expanded production is expected to allow some rebuilding of stocks. The gain will be in crop commodities. The index of export volume, though second only to the record rate last year, is expected to decline about a tenth. For commodities having primarily food use, exports may drop about a fifth, mainly because of lower wheat exports. Civilian food use, the dominant component of utilization of farm food commodities, is expected to increase about 2 percent. Most of the increase will be in livestock products.

FOOD PRICES

Sharp first quarter advances

The Consumer Price Index for food in the first quarter averaged about 4½ percent above the fourth quarter of 1973. Grocery store food prices were 5.3 percent higher, while meals eaten in resturants and snacks were up 2.1 percent (table 1). Compared to a year earlier the all foods index was 19 percent higher with food at home up 21 percent and food away from home up 13 percent.

The quarterly advance got off to an early start in January, when the all foods index increased 1.6 percent (seasonally adjusted) followed by a 2.5 percent advance in February (table 9). Sharp increases in red meat prices contributed heavily but prices of most other foods were also much higher. In March, the pace of advance slowed to 0.8 percent as prices for red meat, poultry, eggs, and fresh fruits declined. More than offsetting were price advances

Changes in retail food prices, first quarter, 1974

Item	From fourth quarter 1973	From first quarter 1973
	Percent	*Percent*
Meat	1.9	19.1
Poultry	2.3	19.6
Fish	4.5	20.9
Dairy products	5.6	23.6
Eggs	5.6	30.8
Fats and oils	7.0	42.8
Fruits and vegetables	9.4	16.9
Sugar and sweets	11.5	22.6
Cereal and bakery products ..	6.8	31.0
Beverages	3.9	11.3
Other preparations	5.6	11.8
Food at home	5.3	21.1
Food away from home	2.1	13.1
All food	4.6	19.3

Table 1.--Consumer, wholesale, and farm price indexes, 1973-74
(1967=100)

Item	1973					1974 I	
	I	II	III	IV	Year	Index	Percent change 1973-74
							Pct.
Retail prices: 1/							
All goods and services (CPI)	128.7	131.5	134.4	137.6	133.1	141.4	9.9
All items less food	127.9	129.7	131.0	133.9	130.7	136.9	7.0
All food	131.4	138.1	146.2	149.9	141.4	156.8	19.3
Food at home	130.5	138.0	147.1	150.1	141.4	158.0	21.1
Food away from home	134.9	138.6	142.8	149.4	141.4	152.6	13.1
Wholesale prices: 1/							
All commodities	127.0	133.6	139.3	142.2	135.5	152.5	20.1
Industrial commodities	121.3	125.7	127.5	133.4	127.0	143.2	18.1
Farm products	152.0	171.1	195.7	186.5	176.3	201.7	32.7
Processed food	133.6	139.4	152.4	152.4	144.4	163.9	22.7
All food 2/	135.4	143.4	154.4	154.5	146.9	167.7	23.9
Prices received by farmers: 3/							
Crops	135	156	181	185	164	217	60.7
Livestock and products	163	170	198	182	178	187	14.7
Average	151	164	190	183	172	199	31.8
Market basket of U.S. farm foods: 4/							
Retail cost	130.8	138.5	148.4	151.3	142.3	159.2	21.7
Farm-retail spread	119.2	124.4	124.6	138.2	126.6	142.5	19.5
Farm value	149.2	160.9	185.9	172.0	167.0	185.4	24.3

1/ Department of Labor, Bureau of Labor Statistics.

2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.

3/ Statistical Reporting Service.

4/ Economic Research Service.

for processed fruits and vegetables, cereal and bakery products, dairy products, vegetable oil products and sugar and sugar based items.

The rapid acceleration in food prices this winter essentially reflected a spillover of the abnormal supply-demand conditions of 1973, as tightening supplies, higher farm prices, and increasing costs of processing, transporting, and distributing food products surfaced at the retail level.

At the beginning of 1973, stocks of food commodities were low. During the year the needed expansion in output to fulfill burgeoning domestic and foreign demand was choked off by a combination of adverse weather conditions, food price controls, and higher feed prices. As a result, the food supply going into the first quarter of 1974 was even smaller than a year earlier.

On the demand side, disposable personal income rose at a slower pace early in 1974, as economic activity slowed considerably. However, real food expenditures (those adjusted for price increases to essentially reflect quantity changes) fell only fractionally and far less than did real disposable income, as consumers allocated a larger share of their incomes to food purchases. In addition, a major increase in bonus food stamp allotments to reflect increases in the cost of living may also have acted as a stimulus to demand. Increased purchasing in early winter in anticipation of the independent truckers' strike also may have contributed to higher food prices at both the wholesale and retail levels.

Much of the first quarter increase in the CPI for food at home was due to a sharp advance in prices of crop related foods, especially products of traditionally stable supply and price situations like sugar and sugar based products and cereal and bakery products. Prices for livestock related foods were also higher.

The retail price index for crop related food products averaged about 7½ percent above the fourth quarter of 1973. Part of the increase was seasonal, but mostly it reflected shorter than usual supplies as well as adjustments stemming from costs of processing and marketing which make up a large proportion of the price for many of these items. The price index for crop related foods was 21 percent above a year earlier.

Consumer prices for livestock related foods averaged about 3 percent above the fourth quarter. Among major product categories, only pork and red meats other then beef and veal (largely processed meats which contain much pork) declined. The retail price index for livestock related foods was also 21 percent above the first quarter of 1973.

Wholesale prices

The first quarter Wholesale Price Index for all foods averaged 8 percent above the fourth quarter, after remaining essentially unchanged between the summer and fall quarters. The all foods index rose at a rapid clip in both January and February, and then dropped 1 percent in March. Wholesale prices of industrial commodities rose about 7½ percent over the fourth quarter (table 8).

Very sharp advances for sugar products, fresh and dried produce, fats and oils, as well as substantial increases for processed fruits and vegetables, red meats and dairy products, accounted for the hefty advance. Egg prices were moderately higher, and fish prices dropped slightly.

Food price outlook

Retail prices for many food items are expected to continue to rise through midyear reflecting the tight supplies and high prices for farm commodities over the past year as well as increased costs of processing, packaging, and distributing final products. But prices for some items, especially red meats and poultry products, have declined in recent weeks. Farm prices for wheat and wholesale prices for flour have also fallen sharply from their peaks earlier this year and several fresh produce items are lower-priced than a year earlier. These will provide some offsets to the generally rising pattern of retail food prices. The direct impact of removing price controls from the food industry is expected to be minimal and likely will be overshadowed by market forces of supply and demand.

For all of the second quarter the average price for food consumed at home will likely average about 1-2 percent above the first quarter and be about 16 percent over a year earlier. Prices for food away from home, which have generally increased at a slower pace than grocery store prices during the past year, are also expected to average about 2 percent higher for the second quarter and about 13 percent over last year. This would leave the second quarter retail price average for all food also about 2 percent above the previous quarter and about 15 percent over a year earlier.

Farm commodity markets and, in turn, retail food prices remain extremely sensitive to developments affecting domestic farm output, the status of the U.S. economy, and the world food supply and demand picture. Thus the outlook for food prices through the second half of 1974 remains clouded. Present indications still point to a sharp increase in U.S. farm production if weather conditions remain generally favorable. An improved world food supply situation and a general slowing in real rates of economic growth abroad continue to point toward a decline in export demand for U.S. farm commodities. However, this decline is expected to be moderated as foreign countries attempt to maintain food imports in order to hold down inflation. While the U.S. economy is expected to pick up steam from now to the end of the year, the slowdown which occurred during the first

quarter may relieve some of the demand pressures felt by the food industry last year.

If these demand and supply expectations are realized, grocery store food prices during the third quarter are likely to show little or no change from the second quarter average. The fourth quarter average may even reflect a small seasonal decline in contrast to both 1972 and 1973 when the quarterly averages increased successively through the year. Thus, the gap in retail food prices relative to a year earlier is expected to narrow with the third quarter averaging about 10 percent above the same quarter in 1973 and the fourth quarter up about 6 percent.

For all of 1974 retail food prices are still expected to average about 12 percent above 1973, the same annual increase as estimated in February.

Since both weather and economic conditions in this country and around the world can still have a pronounced impact, the possible range in retail food prices during the remainder of 1974 is still relatively wide. If farm output does not expand as much as now seems likely, if export demand increases, and if domestic food demand increases sharply, retail food prices could rise an additonal 5-6 percent between the first and the third quarters before stabilizing by yearend. This would result in a 1974 average of all retail food prices about 15 percent above last year. Conversely, if output increases more than expected and demand slackens further than now seems likely, prices could decline by 1-2 percent per quarter through the end of the year, averaging about 8 percent above 1973.

Commodity retail prices

Beef.—Retail beef and veal prices during the first quarter averaged about 5 percent above the previous quarter and 19 percent over a year earlier. Production was down from last fall but up slightly from a year before. Beef inventories at the beginning of the period were also larger. However, demand remained strong early in the year and may have been augmented by further inventory building in anticipation of the independent truckers' strike. Beef prices rose sharply in both January and February but declined in March. Further retail price declines are likely to be recorded early in the second quarter. While prices will likely strengthen again during the late spring and summer, they may not reach the peaks established in the first quarter. Larger output expected in the fall may bring prices down to near year-earlier levels.

Pork.—Retail pork prices, which rose at a rapid pace through the summer of 1973, fell last fall and declined further in the winter. Production was up from a year ago and about the same as in the fall. Second quarter prices are expected to average 5-6 percent below the first quarter but about 7 percent over a year ago. Seasonal price increases are likely during the late spring and summer followed by declining prices as output expands in the fall.

Eggs.—The 5½ percent quarterly increase in retail egg prices during this winter was partly seasonal, but also reflected a decline in production from year-earlier levels. Most of the quarterly increase occurred in January and February, but prices fell far more than usual in March. Egg prices are expected to average below year-earlier levels this spring. Prices are expected to rise seasonally in the summer and fall but average well below the high levels attained during the last half of 1973.

Poultry.—Retail poultry prices during the winter averaged about 2 percent above the fourth quarter of 1973 and nearly a fifth above the first quarter last year. However, larger poultry supplies and declining prices for other meats have pushed prices down sharply in recent weeks. Prices may have reached their low and probably will strengthen seasonally during the summer and fall. Still, prices during the second half of 1974 are likely to average well below their year-earlier levels when price control regulations and high feed prices had disrupted the normal pattern.

Fish.—Retail fish prices continued to rise during the first quarter and averaged 4½ percent above the fall quarter despite larger inventories for a number of product categories. Demand remained strong, induced in part by higher red meat prices during the first months of the quarter. Average retail fish prices are expected to continue to advance through the year reflecting the higher costs associated with both domestic and imported items and continued strong demand for red meat substitutes.

Dairy products.—First quarter retail prices for dairy products averaged 5 percent above the previous quarter and nearly a fourth over a year earlier. Milk production was down from last year while demand held up, probably due to higher prices for other high-protein foods. The relatively tight supply-demand situation is expected to persist through most of 1974. Retail prices may continue to adjust upward but the rate of increase is expected to slow appreciably this spring.

Fruits and vegetables.—Product prices in this category averaged nearly a tenth higher in the first quarter compared to the previous quarter and 17 percent over a year ago. Potato prices were up sharply due to a relatively light fall crop and strong demand from processors. Other fresh vegetable prices increased from last fall but averaged about the same as a year earlier. Fresh fruit prices were up about a tenth from last year. Processed fruits and vegetable prices advanced sharply with dry edible beans pulling up the average dramatically.

Fresh vegetables and potatoes are likely to average near present price levels through the spring months before declining seasonally during the second half of the year. Fresh vegetables remained at year-earlier levels in the first quarter while potatoes were half again higher. Average retail prices for fresh fruits are

expected to shift upward as citrus supplies become seasonally smaller in the summer. Prices for frozen and canned fruits and vegetables will likely advance as processors pass sharply higher raw product prices and generally rising costs through to consumers. Somewhat offsetting, as far as the Consumer Price Index for the processed fruit and vegetable category is concerned, will be dry edible bean prices which are likely to fall from their present extremely high levels when the new crop is harvested this summer.

Cereal and bakery products.—First quarter retail prices for items in this category averaged 7 percent above the previous quarter and about a third above a year ago. Sharply higher farm prices for wheat and rice early in the year were primarily responsible. While wheat and flour prices have declined sharply in recent weeks, retail prices for bread and other bakery items are not expected to drop significantly due to higher prices for nonagricultural inputs.

Sugar and sweets.—Retail prices advanced sharply during the first quarter reflecting the tight world supply-demand situation for sugar. The second quarter average is expected to show another large jump before prices begin to stabilize during the last half of the year. Chocolate candy and sirup rises also reflect the sharply higher price of cocoa.

Other foods.—Food fats and oils prices have increased over 40 percent during the past year, including another hefty jump in the first quarter. However, the rate of increase is expected to slow appreciably in the second quarter. Prices for *nonalcoholic beverages* as a group have increased at a slower pace than most other food categories despite tight supplies and rising prices for coffee. Average retail prices are likely to continue their moderate rate of advance through 1974.

FOOD SPENDING AND INCOME

Preliminary data indicate that food expenditures in the first quarter rose to $149.8 billion (seasonally adjusted annual rate) an advance of $5 billion or 3½ percent from the fourth quarter (table 2). Most of the change reflected a sharp increase in expenditures for food eaten at home, which rose $4.8 billion to $117.5 billion or 4.3 percent. Expenditures on restaurant meals and snacks rose fractionally to $32.3 billion.

Change in food expenditures, first quarter, 1974[1] (Seasonally adjusted)

Item	From fourth quarter 1973	From first quarter 1973
	Percent	*Percent*
Total food		
Current dollars	3.4	12.6
1958 dollars	-.5	-5.3
Food at home		
Current dollars	4.3	13.5
1958 dollars	-.2	-5.8
Food away from home		
Current dollars	.5	9.5
1958 dollars	-1.8	-3.3

[1] Preliminary.

The increase in food expenditures, as well as nonfood expenditures, essentially reflected higher prices. Real food expenditures (those adjusted for price increases to reflect quantity changes) dropped fractionally, marking the seventh consecutive quarterly decline. However, the drop for the first quarter of 1974 was significantly less than the near-record decline of the previous quarter, despite a much sharper increase in food prices this winter. Most of this expenditure decline was due to a drop for meals and snacks eaten out. Real expenditures for food eaten at home dropped fractionally.

The 3½ percent increase in food expenditures was slightly less than for other nondurable goods during the quarter. Expenditures on durable goods fell slightly as a drop in car purchases more than offset increases for furniture and appliances. Spending on services rose nearly 3 percent. Total personal consumption expenditures rose 2.4 percent to $844.6 billion.

Consumption expenditures and retail sales: Changes from previous quarter (seasonally adjusted)

Item	1973			1974
	II	III	IV	I[1]
	Percent	*Percent*	*Percent*	*Percent*
Personal consumption expenditures	2.1	2.6	1.1	2.4
Durables	.5	0	-5.4	-.9
Nondurables	2.5	3.4	2.3	3.6
Food	2.3	4.0	2.3	3.5
Other	2.7	3.0	2.3	3.8
Services	2.3	2.7	2.5	2.8
Retail sales	.1	2.9	.3	[3]1.4
Food group[2]	2.2	4.7	1.9	[3]4.5
Grocery stores	2.4	4.7	1.8	[3]4.3

[1] Preliminary. [2] Does not include eating places. [3] Estimated by ERS.

Retail sales during the first quarter rose almost 1½ percent above the fourth quarter of 1973. This was a brisker pace than in the fall, but well below last summer's advance. The quarterly increase in retail food group sales, 4.5 percent, contributed significantly to the first quarter advance.

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-74 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.0	92.7	12.4	24.8	3.3	117.5	15.7
1972	797.0	97.9	12.3	27.1	3.4	125.0	15.7
I	772.8	94.9	12.3	26.3	3.4	121.2	15.7
II	785.4	97.7	12.5	26.8	3.4	124.5	15.9
III	800.9	98.9	12.3	27.2	3.4	126.1	15.7
IV	828.7	100.2	12.1	28.1	3.4	128.3	15.5
1973	882.5	108.4	12.3	30.4	3.4	138.8	15.7
I	851.5	103.6	12.1	29.5	3.5	133.0	15.6
II	869.7	106.3	12.2	29.7	3.4	136.0	15.6
III	891.1	111.0	12.5	30.5	3.4	141.5	15.9
IV	917.8	112.7	12.3	32.1	3.5	144.8	15.8
1974							
I 5/	930.5	117.5	12.6	32.3	3.5	149.8	16.1

1/ Quarterly data are seasonally adjusted annual rates. 2/ Based on unpublished data of the Department of Commerce, and the Survey of Current Business and The National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/ Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/ Preliminary.

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Disposable personal income increased $12.7 billion or 1.3 percent from the fourth quarter 1973 to the first quarter this year to an annual rate of $930.5 billion. Personal outlays rose $19.1 billion, causing a drop in personal savings of $6.5 billion.

Because food expenditures rose at a more rapid pace than disposable personal income, the share of income allocated to food rose from 15.8 percent in the fourth quarter to 16.1 percent in the first quarter (table 2).

Food as a proportion of total consumer expenditures

Rapid price inflation and problems associated with the energy crisis have resulted in a reallocation of food expenditures as a proportion of total expenditures during the past year.

Proportion of total consumer expenditures

Item	First quarter	
	1973	1974[1]
	Percent	*Percent*
Food, excluding alcoholic beverages	17.1	17.7
Nondurables excluding food	24.2	25.2
Clothing and shoes	8.8	8.7
Gas and oil	3.5	3.7
Other	12.0	12.7
Durables	17.0	14.7
Automobiles and parts	7.7	5.7
Other	9.2	9.0
Services	41.7	42.4
Housing	14.2	14.3
Household operation	6.0	5.9
Transportation	2.9	3.0
Other	18.6	19.1

[1] Preliminary.

With expenditures for automobiles and parts down significantly in the first quarter from a year ago, durable goods were sharply reduced relative to total consumption expenditures. Offsetting was a sharp increase for both services and nondurable goods. Food expenditures as a share of total consumption expenditures rose from slightly over 17 percent to 17.7 percent. Expenditures on clothing and shoes as a portion of total consumer expenditures fell, while gasoline and oil expenditures rose. Among service expenditures, housing and transportation were up slightly, while household operations were down slightly.

USDA Food Programs

Total monthly participation in family food programs rose by 500 thousand to 15.1 million people in the first quarter of 1974 from the fourth quarter of 1973. The increase reflected higher participation in the Food Stamp Program due to increased benefit levels, a higher threshold of family eligibility with respect to income, seasonal influences, and an increase in the level of unemployment. Participation in the Food Distribution Program declined as more areas switched to the Food Stamp Program.

The value of bonus food stamps (the Federal input) rose 44 percent to $800 million (table 3). The Food Stamp Act was amended in 1973 to provide for semi-annual food price increases as indicated for items in the USDA's Economy Food Plan, effective in January and July. The January 1 revision in the coupon allotment reflected changes in the price of food through August 1973 and resulted in a 22 percent increase in the value of the coupon allotments for a family of four, up from $116 to $142 per month. The income threshold for participation was also increased 22 percent (for example, from $387 to $473 per month for a family of four) because it is based on the level of stamp issuance.

Bonus levels per person rose proportionately more than issuance levels because purchase requirements remain unchanged as total issuance levels increased. Bonus stamps per person in January-March averaged about $20 per month up 36 percent from the October-December monthly average. The Department recently announced the July 1 issuance level, which will be $150 for a family of 4, based on price increases through February 1974. This amounts to a midyear gain of 5.6 percent for a representative household. Bonus levels per person likely will be up another 7-8 percent.

The number of children participating in the School Lunch Program in the first quarter remained unchanged at around 24.8 million. The value of food distributed to schools was much higher than the final quarter of 1973 because food shortages delayed purchases into the winter quarter. Federal money donated for school lunch programs rose to $360 million from $283 million in the fourth quarter, up 27 percent. This increase also reflected the result of an escalator clause on Federal reimbursements, effective January 1, 1974. Increases reflect changes in the Food Away From Home Consumer Price Index, as reported by BLS.

The total value of all USDA food programs represented about 3.6 percent of personal consumption expenditures for food, as opposed to 3.1 percent in the first quarter of 1973.

Table 3 .--Federal cost of USDA food programs, 1971-74

Year	Food stamps		Food distribution 2/				Child nutrition 4/				Total 5/
	Total issued	Bonus stamps 1/	Needy families	Supplemental food 3/	Schools	Institution	School lunch	School breakfast	Special food	Special milk	
	Million dollars										
1971	3,103	1,699	318	16	295	26	645	22	34	92	3,146
I	738	412	85	4	110	6	186	7	3	30	843
II	774	420	82	4	35	8	169	15	6	23	753
III	777	423	76	4	42	6	72	2	21	11	658
IV	815	443	75	4	108	6	218	7	4	28	892
1972	3,614	1,986	271	16	281	27	762	28	44	91	3,506
I	843	465	76	4	119	6	252	8	4	30	965
II	873	472	72	4	44	8	193	7	8	22	829
III	938	524	65	4	39	6	91	3	27	12	771
IV	960	525	58	4	78	6	227	10	4	28	940
1973	4,057	2,213	197	17	263	24	897	38	57	65	3,771
I	998	546	60	4	90	7	295	11	5	30	1,040
II	995	538	53	4	54	7	218	10	11	22	917
III	1,015	556	44	4	33	5	101	4	36	2	785
IV	1,049	573	40	5	86	5	283	13	5	11	1,021
1974											
I 6/	1,294	800	45	4	132	6	360	18	8	22	1,359

1/ Includes Food Certificate Program.
2/ Cost of food delivered to State distribution centers.
3/ Includes special food services for preschool and school age children in nonprofit institutions.
4/ Money donated for local purchase of food. Excludes nonfood assistance.
5/ Excludes those food stamps paid for by the recipient.
6/ Preliminary.

Nearly all of last year's estimated 1½ percent drop in per capita food consumption is expected to be recouped in 1974 (table 4). Though 1972's record food consumption level may be approached, livestock-related items will continue to account for a smaller proportion of the diet. Another 1 percent consumption gain for crop foods is expected this year, to a level nearly 2½ percent above 1972. However, the 2 percent advance expected for animal-related foods will still leave a 2 percent deficit with respect to the 1972 level. Among animal related foods, meat and egg consumption will total below 1972 levels.

Compared with last year, consumption of all major categories of animal related foods except dairy products will likely be higher in 1974. Dairy products may hold about steady. Poultry and fish consumption rates per person are expected to be at record high levels. Gains in per capita consumption of the major crop foods are expected to be about the same magnitude as in 1973, although continued declines for coffee and cocoa are expected.

Based on preliminary estimates, per capita consumption of livestock-related foods during January-March 1974 was 1 percent above a year earlier (table 5). Consumption of poultry meat was 6 percent higher and red meat was up 1 percent while consumption rates for dairy products and eggs were down 1 percent. During the remainder of the year livestock product use is expected to be 2-2½ percent higher than comparable periods in 1973, with meat averaging up 4 percent, poultry 3 percent, eggs 1 percent, and dairy products use about unchanged.

The 3 percent drop in consumption of livestock-related foods from fourth quarter 1973 to first quarter 1974 was less than seasonally expected. Though the seasonally adjusted index is expected to decline somewhat through spring and summer, it should rebound in the fall about as sharply as it did last year.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1972	I	103.8	105.2
	II	103.4	106.9
	III	102.3	103.6
	IV	103.3	105.7
1973	I	100.6	100.6
	II	97.7	96.8
	III	96.3	93.1
	IV	100.2	100.5
1974	I	101.5	101.7

Commodity Reviews

Meat.—Red meat consumption in 1974 is expected to recover nearly half of last year's 13 pound drop from the 189 pounds of 1972 (table 6). About three-fourths of the gain will be in beef, so that the per capita rate for this item will be second only to the 116-pound record amount consumed in 1972. Supply increases for beef will derive about equally from larger production and increased imports. Consumption of pork is expected to be up, veal down, and lamb and mutton about unchanged from 1973 levels.

During January-March, meat consumption per person was down less than seasonally expected from last fall and was about 1 percent above the rate a year ago. Beef, veal, and lamb and mutton consumption was about the same as in January-March 1973, but pork consumption was up nearly a pound. Though pork supplies may be about at last year's levels this spring and summer, beef supplies are expected to be sharply larger than the short supplies last year. By fall both beef and pork per capita supplies likely will slightly exceed those a year earlier.

Fishery products[1].—Per capita consumption of fish rose 2½ percent to 12.6 pounds (edible weight) last year and it is expected to increase somewhat further in 1974.

In 1973 fresh and frozen fish consumption moved up 0.2 pound to 7.2 pounds per person and a similar advance likely will be repeated this year. However, the 0.1 pound gain for canned fish last year will not hold in 1974; it may slip back to the 4.9-pound level of 1972. Consumption of cured fish in 1974 is expected to remain at the 0.4 pound rate of recent years.

During the first 3 quarters last year, demand for fishery products was heavy as result of sharply rising meat and poultry prices. However, concurrent with their downturn later in the year, consumption of fresh and frozen fishery products slowed, and year-end inventories were 11 percent above those a year earlier.

The large carryover into 1974, coupled with an expected moderate rise in raw fish imports, will support the consumption increase expected this year. The rise in fresh and frozen fish consumption likely will occur largely in low priced items such as fish sticks and portions and fillets of ocean perch, turbot, and whiting. The decline for canned products expected in 1974 will occur as a result of further reduction in the salmon catch.

[1]Information supplied by Market Research and Service Division, National Marine Fisheries Service, U.S. Department of Commerce.

Table 4.--Per capita food consumption index, 1967-74 1/

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	120	107	94	104	99
1973 4/	98	109	116	90	100	81	124	108	95	107	101

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	98	108	101	85	125	98	108	100	103.6	103.9	103.7
1973 4/	99	112	104	80	129	99	110	96	99.3	105.3	102.6
1974 7/									101.3	106.4	103.6

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-74 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products		Animal fats	Total livestock products 2/
				Excluding butter	Including butter	including butter	
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.8	99.3	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	101.0	100.0	82.4	102.6
IV	107.5	131.7	94.3	99.9	99.4	85.6	106.0
1973 3/ I	100.8	95.6	91.6	100.1	99.6	84.0	98.8
II	94.9	102.5	91.0	100.7	99.7	77.2	96.6
III	93.2	110.6	88.2	101.2	100.2	79.1	96.6
IV	102.2	127.6	91.3	100.0	99.5	83.0	102.8
1974 3/ I	101.9	101.7	90.6	100.8	98.9	70.6	99.7

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/ Excludes fish and honey.

3/ Preliminary.

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1971	1972	1973	1973 percentage of 1972
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight)	160.9	178.3	191.8	188.9	175.5	93
Beef	85.1	106.5	113.0	116.0	109.5	94
Veal	6.1	3.8	2.7	2.2	1.8	82
Lamb and mutton	4.8	3.9	3.1	3.3	2.6	79
Pork (excluding lard)	64.9	64.1	73.0	67.4	61.6	91
Fish (edible weight)	10.3	10.6	11.4	12.3	12.6	102
Poultry products:						
Eggs (farm basis)--Number	334	320	314	307	294	96
Chicken (ready-to-cook)	28.0	37.2	41.4	43.0	41.4	96
Turkey (ready-to-cook)	6.1	8.6	8.5	9.1	8.7	96
Dairy products:						
Cheese	8.3	10.1	12.2	13.2	13.5	102
Condensed and evaporated milk	13.7	9.0	6.8	6.4	6.0	94
Fluid milk and cream (milk equivalent)	322	285	259	258	252	98
Ice cream (product weight)	18.3	17.8	17.5	17.5	17.7	101
Fats and Oils--Total, fat content	45.3	49.4	52.1	53.3	53.5	100
Butter (actual weight)	7.5	5.5	5.1	4.9	4.8	98
Margarine (actual weight)	9.4	10.5	11.1	11.3	11.3	100
Lard	7.6	5.4	4.3	3.8	3.4	89
Shortening	12.6	15.9	16.8	16.7	16.4	98
Other edible fats and oils	11.5	15.2	18.0	19.6	20.7	106
Fruits:						
Fresh	93.4	81.0	79.8	76.9	76.3	99
Citrus	33.7	31.6	29.2	27.3	27.5	101
Apples (commercial)	18.3	16.2	16.1	17.2	14.5	84
Other (excluding melons)	41.4	33.2	34.5	32.4	34.3	106
Processed:						
Canned fruit	22.6	22.6	21.9	21.5	19.7	92
Canned juice	13.0	11.7	15.9	15.7	16.5	105
Frozen (including juices)	9.1	10.1	10.2	10.1	11.1	110
Dried	3.1	2.8	2.6	2.0	2.4	120
Vegetables:						
Fresh 2/	105.9	98.2	96.6	95.9	97.5	102
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	51.2	52.2	54.1	104
Frozen, excluding potatoes	7.0	9.0	9.7	10.0	10.7	107
Potatoes, fresh equivalent	109.4	109.2	118.9	118.0	115.7	98
Sweetpotatoes, fresh equivalent	7.1	5.8	4.9	5.1	5.3	104
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.4	7.5	101
Corn sirup	10.1	14.1	16.2	18.7	21.7	116
Corn sugar	3.7	4.6	5.0	4.8	5.2	108
Wheat flour 3/	118	112	110	109	109	100
Wheat cereals	2.8	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.7	7.0	7.0	100
Other:						
Coffee (green beans)	15.8	14.8	13.3	13.9	13.6	98
Tea	.59	.69	.77	.77	.79	103
Cocoa beans	3.6	4.2	4.0	4.4	4.2	95
Peanuts (shelled)	4.9	5.7	5.9	6.2	6.6	106
Dry edible beans	7.3	6.9	5.9	6.4	6.7	105
Melons	25.8	22.3	22.6	21.8	21.5	99
Sugar (refined)	97.6	97.3	102.4	103.0	102.5	100
	Mil.	Mil.	Mil.	Mil.	Mil.	Pct.
Civilian population 4/	178.1	195.2	204.2	206.5	208.1	101

1/ Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August.

2/ Commercial production for sale as fresh produce.

3/ Includes white, whole wheat, and semolina flour.

4/ July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

Should lower than expected supplies develop, per capita consumption could drop to or below 12.5 pounds. Imports, which furnish nearly two-thirds of U.S. fish supplies, pose a major uncertainty principally because effects of fuel shortages could alter international trade patterns.

Poultry.—Per capita consumption of both chicken and turkey will rebound from the rather sharp drops which occurred last year and, in total, poultry meat consumption may equal or exceed the record rate of 1972. Chicken consumption is expected to remain only slightly below the record 43.0 pounds of 1972, while turkey use will likely reach a new high.

Consumption of broilers in the first quarter was up sharply from a year ago because of a 6 percent differential in production. Marketings in April and May are expected to be up around 4 percent but for June likely will be near a year ago. Strengthening red meat prices in early summer months are expected to boost chicken prices from current levels. This together with recent declines in feed prices should result in increased profitability and expanded output. However, larger meat supplies this summer than last may dampen the normal seasonal increase in broiler prices and limit the expansion in broiler output.

Turkey meat output for the first half of 1974 will be substantially larger. Although seasonally small, the number of turkeys moved through Federally inspected plants during March this year was about 29 percent greater than in the like period of 1973. In addition, the average weight of birds marketed was up 6 percent. Indications are that marketings during April-June will be more than 15 percent above last spring. However, they may slip below a year earlier in the summer. Hatchings for fall marketings may regain momentum as a result of the recent easing in feed ingredient costs.

Eggs.—A small increase over last year's per capita consumption rate of 294 eggs, the lowest since 1936, is expected in 1974. During January-March egg production was about 1 percent below last year, but production by late spring will exceed 1973 levels. Egg-type hatchery figures indicate there will be more pullets entering the laying flock through midyear. Also, the rate of lay should hold up.

The picture for the last half of 1974 is less clear, although production is expected to remain above 1973 levels. During January-March this year, 10 percent fewer egg-type chicks were hatched than during the same period in 1973. In addition, eggs in incubators on April 1 were down 3 percent. This points to substantially fewer replacement pullets reaching laying age in July-October. Thus, egg production during the last half of 1974 will be significantly influenced by the extent of cullings and force moltings of old layers. These practices will depend on the relationship between feed and egg prices.

Dairy products.—Per capita consumption of dairy products held steady last year and is expected to continue to do so despite sharply reduced milk production in 1973 and a continued decline this year. Substantially higher imports and continued expansion in use of low-fat products have made this possible. Sharply reduced consumption of butter in 1974 is expected to be almost entirely offset by increases for cheese and low-fat fluid milks.

This year's imports of dairy products may be down from the 1973 rate but likely will continue much above the level of other recent years while exports will remain very small due to limited milk supplies and declining European need for our products. January-March imports totaled 1.4 billion pounds milk equivalent, up from 0.4 billion a year earlier. Larger imports of Cheddar cheese, non-quota cheeses, frozen cream, and evaporated milk accounted for the rise. About 98.8 million pounds of cheddar cheese were imported under the 100 million-pound temporary increase in import quotas for delivery through March 31, 1974. Also, import quotas for nonfat dry milk were increased by 150 million pounds through June 30, 1974, with around 98 million pounds imported through April.

Commodity donations to schools, institutions, and needy families together with the Special Milk Program have for many years furnished around 7 percent of the dairy products (milk equivalent basis) consumed by U.S. civilians. In 1973 the donation program furnished 6 percent and this year it is expected to furnish around 4 percent. In the case of butter, for which donations have been supplying around 16 percent of civilian use, the expected extremely sharp drop in donations will mean a significant decline in per capita consumption.

Fats and oils.—Per capita consumption of fats and oils in 1974 is estimated at 54 pounds, up slightly from 1973. Increases in margarine, shortening, and cooking and salad oils will more than offset declines in butter and direct use of lard. Use of lard in margarine and shortening may increase some from the low level of last year.

The increase this year is being supplied mainly by soybean oil. Use of soybean oil in food products is running at record levels, filling the gap due to declining lard and butter output. Use of cottonseed oil also is up, but limited supplies and strong export demand will tend to hold down further expansion.

Peanut supplies are at record levels but demand is exceptionally strong this year. Use of peanuts in processed food products is averaging about a tenth above a year ago in contrast to a 3 percent average annual increase in recent years. Use in peanut butter is up about a fifth. Per capita consumption of peanuts rose about 6½ percent to 6.6 pounds in the 1973/74 marketing year.

Fruits.—With use of processed items rising sharply again this year, fruit consumption is expected to

move to the highest level since the 1950's. Citrus fruits are accounting for most of the gain. Per capita consumption of processed citrus items could be up about 6 percent, led as usual by a sharp rise for frozen orange juice concentrate.

For the third consecutive month, prospects for this year's citrus crop have improved. The total citrus output is now estimated at 13.3 million tons, only 4 percent below last season's record-large crop. Harvest is ahead of last season for oranges and grapefruit, but lemon harvest is somewhat behind.

The early and mid-season orange harvest is essentially complete. The Valencia crop, which will be the main source of fresh orange supplies from now through late summer, is expected to be nearly 10 percent below last season's crop. Supplies of grapefruit and lemons this spring and early summer will be below last season.

Supplies of frozen concentrated orange juice are up sharply, reflecting both larger pack to date and carryin. As of late April, movement of frozen concentrated orange juice remained strong, almost 12 percent more than last season.

Supplies of fresh apples in cold storage are considerably above a year ago. Storage supplies of fresh pears are nearly gone.

Supplies of canned non-citrus fruits for use until the new pack becomes available this summer and fall total much below any recent year. This reflects the low carryover at the beginning of the processing season last summer after a fast drawdown which had been encouraged by the relatively low price levels maintained under price regulations.

Early 1974 strawberry output in California is estimated up moderately from last season. Acreage for harvest in most of the spring States is almost the same as last season. U.S. imports of fresh strawberries from Mexico during early 1974 were slightly above a year ago.

Vegetables.—Per capita consumption of fresh and processed vegetables combined may move up slightly this year, following the sharp rise in 1973. But all of the increase likely will be in fresh use, since the currently low level of canned vegetable stocks will restrict consumption until the new pack becomes available this summer and fall. For the year processed vegetable use may decline slightly.

Supplies of fresh vegetables this past winter were generally good. Through the first quarter, Florida's cabbage, pepper, lettuce, and tomato shipments were larger than a year earlier. Sweet corn shipments were slightly less but volume is expected to increase seasonally in May. California supplied ample amounts of celery, carrots, broccoli, and lettuce. Imports of fresh vegetables have been running very close to the record attained in the 1973 season. Acreage planted to 14 spring vegetables is 5 percent less this year, and with average yields, production would be off the same amount. A substantially larger onion crop is not included in this projected production figure. Spring melon acreage is down slightly from 1973 and is sharply less than in 1972.

Processed vegetable supplies are the smallest in years. As the 1973/74 pack season began, canned vegetable supplies were probably equal to the modest quantity available the previous season. But with retail prices favorable in relation to other foods, canned vegetables moved in heavy volume during the first 5 months of the current marketing season. With tightening supplies and some further moderate price rise at retail, the rate of disappearance has slackened in recent weeks.

A more generous supply situation has emerged for frozen vegetables. Off-season packing of broccoli, carrots, and spinach in California is at least partially responsible. Total stocks on April 1, 25 percent larger than the relatively light quantity available on the same date last year, provide an adequate supply for trade demand.

In view of the need to rebuild depleted stocks, the prospective planted acreage of 8 leading processing vegetables, representing 90 percent of total tonnage, is 7 percent larger than was planted a year ago and 14 percent more than in 1972. With average growing conditions production would be up a tenth over 1973.

Per capita consumption of potatoes will likely move up slightly again in 1974, with processed products accounting for the rise. April 1 stocks of potatoes were 9 percent less than the small quantity held a year earlier. Processors have been using record tonnage from a relatively small 1973 fall crop. Spring production will be higher than in 1972 or 1973 but still below other years of the past decade. Potato growers have expressed intention to plant only 1 percent more summer and fall acreage.

Intentions suggest 5 percent more sweetpotato acreage this spring, which could easily generate a 6 to 7 percent production gain. If this prospect materializes, canning activity will be stepped up this fall, easing the present tight supply situation.

Dry bean growers expect to plant 20 percent more acreage this year, which translates to one of the largest crops in years. This would provide a large supply and an opportunity for further expansion of foreign markets.

Cereal products.—Rising prices at the bread counter appear not to have dissuaded the consumer from taking home more bread and other wheat products this past year. For the first time in a number of years per capita consumption of wheat products appears to be rising instead of falling. Pasta products have led the way as consumers, in their search for less expensive foods, have turned to items such as noodles and spaghetti.

Table 7.--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1967-73 1/

Year	Supply: Production	Supply: Imports 2/	Supply: Stocks 3/	Total annual utilization	Utilization: Domestic: Food: Civilian	Utilization: Domestic: Food: Military	Utilization: Domestic: Nonfood: Seed and feed	Utilization: Domestic: Nonfood: Other	Utilization: Domestic: Nonfood: Total	Utilization: Exports and shipments 4/
	A.--All food commodities indexes: (1967=100) 5/									
1967	100.0	100.0	100.0	100.0	100.0	100.0	---	100.0	100.0	100.0
1968	100.3	111.7	109.1	102.1	102.5	97.9	---	101.6	102.3	100.5
1969	100.7	101.2	116.5	102.6	104.3	83.4	---	101.9	103.8	93.3
1970	98.4	105.1	120.7	105.7	105.7	70.3	---	91.6	104.5	114.1
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972	104.9	115.[illegible]	123.4	111.3	110.0	50.2	---	89.7	108.[illegible]	135.1
1973 6/	107.1	11[illegible].0	118.4	113.8	107.0	40.0	---	89.9	105.1	178.3
	Livestock food commodities (1967=100)									
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	100.6	109.3	128.8	102.1	102.2	99.6	96.7	103.1	102.0	106.2
1969	100.9	114.2	112.0	102.6	103.1	85.1	100.0	102.3	102.6	104.2
1970	103.6	125.0	96.8	104.8	105.8	71.6	102.0	96.1	104.7	109.1
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972	105.9	134.5	102.4	108.0	109.5	49.7	103.9	91.2	107.6	121.1
1973 6/	100.9	145.8	93.1	102.9	104.8	37.4	99.5	77.9	102.7	110.7
	Crop food commodities (1967=100)									
1967	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1968	101.6	112.1	107.9	102.9	103.0	90.8	105.0	100.8	103.6	99.7
1969	103.8	98.3	116.7	105.3	107.2	76.9	110.2	103.7	107.9	91.7
1970	98.1	100.6	121.8	109.3	105.7	65.4	114.1	89.3	108.1	114.8
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.4	88.5	111.1	109.2
1972	111.7	110.[illegible]	124.4	119.9	111.1	51.9	126.8	89.0	116.[illegible]	137.1
1973 6/	119.4	108.6	119.7	128.0	112.2	49.6	121.0	95.6	114.6	187.8
	B.--All food commodities: Percentage of annual utilization 5/									
1967	93.0	10.3	-3.3	100.0	83.4	1.9	---	2.8	88.1	11.9
1968	91.3	11.3	-2.6	100.0	83.7	1.8	---	2.7	88.2	11.8
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.[illegible]	.8	---	2.3	85.[illegible]	14.[illegible]
1973 6/	87.6	10.5	1.9	100.0	78.4	.7	---	2.[illegible]	81.3	18.7
	Livestock food commodities: Percentage of annual utilization									
1967	97.5	3.3	-.8	100.0	91.9	2.3	2.1	1.4	97.7	2.3
1968	96.0	3.5	.5	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	95.9	3.7	.4	100.0	92.2	1.9	2.1	1.4	97.6	2.4
1970	96.3	3.9	-.2	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973 6/	95.7	4.6	-.3	100.0	93.6	.8	2.0	1.1	97.5	2.5
	Crop food commodities: Percentage of annual utilization									
1967	90.4	14.6	-5.0	100.0	44.6	.7	33.1	3.3	81.7	18.3
1968	89.2	15.2	-5.1	100.0	44.6	.6	33.8	3.2	82.2	17.8
1969	89.4	13.6	-3.0	100.0	45.6	.5	34.7	3.2	84.0	16.0
1970	84.1	13.4	5.5	100.0	43.1	.4	34.5	2.7	80.7	19.3
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972	84.2	13.4	2.4	100.0	41.2	.3	35.0	2.5	79.0	21.0
1973 6/	84.3	12.4	3.3	100.0	39.0	.3	31.3	2.5	73.1	26.9

1/Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-64 data see NFS-136. 2/Includes shipments from U.S. Territories. 3/Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/Includes shipments to U.S. Territories. 5/ Feed and seed omited from total commodities to avoid double counting of use through livestock. 6/Preliminary.

Effects of alternative food supply-demand conditions

The range of domestic food supplies which could occur under supply/demand alternatives discussed earlier in this publication would result in per capita consumption ranging plus or minus 1½ percent around the most likely level now estimated for 1974.

Under the low-supply/high-price alternative per capita food consumption likely would remain close to the reduced level of last year, with a small increase for animal-related foods about offset by a decline for crop foods. Poultry consumption is expected to regain the record high 1972 level under any circumstances, and with meat making a small gain over the 1973 level in addition, the total gain would not be offset by reductions which could occur for fish and dairy products. For crop foods, the small decline from 1973 would likely be in processed fruits and vegetables, coffee, and cocoa, with other items remaining about unchanged.

With larger supplies and lower prices than now expected, per capita consumption could top the 1972 record high by 1 percent and be up 3 percent from last year's level. The gain for animal-related food would be over 3 percent while crop foods would be up about 2 percent. Per capita consumption of all animal-related foods except poultry would about double the gain currently expected and consumption of dairy products would increase slightly. The 1 percent gain additional to that now expected for crop foods would derive largely from processed fruits and vegetables and the absence of a drop in coffee and cocoa consumption.

SUPPLY AND UTILIZATION

With the expected slowing of exports in calendar year 1974 total use of farm food and feed commodities likely will decline slightly from exceedingly high levels of the last 2 years (table 7). Sharply expanded production is expected to allow rebuilding of stocks. Stocks of foods and feeds, now at low levels, are expected to be up about 12 percent by the end of the year. The gain will be in crop commodities. Stocks of crop commodities having primarily food use will be rebuilt at about a 16 percent clip, above the 12 percent increase expected for all crops. But the uncertainties regarding crop output this early in the year as well as demand factors still in question make for a wide range of possibilities—from a 5 to a 20 percent rise.

Production of farm food and feed commodities in 1974 is expected to increase in a range of 3 to 8 percent, but most likely about 6 percent. The primarily food-related commodities production rise is expected to be about 4 percent, within a 2-6 percent range. Livestock production is expected to increase about 2 percent, in a range between 1 and 3 percent, with advances anticipated for all major items except milk. Production of crop food and feed, and for those crops used primarily for food as well, may be up about 9 percent, within a range of 6 to 12 percent.

The volume of food imports is expected to rise slightly this year reflecting larger quantities of livestock products, principally beef. Imports of crop-related commodities are expected to decline slightly.

The index of export volume, though second only to the record level last year, is expected to decline about a tenth. For commodities having primarily food use, exports may drop about a fifth. While exports of livestock food commodities may decline about 2 percent, crop food and feed exports are expected to decline 13 percent, with a drop of about one-fourth for crops primarily used for food. The sharp drop for food-related crops is tied to the expectation that last year's huge wheat exports will not be repeated. Wheat and wheat products accounted for 78 percent of the food-related crop exports last year and nearly all of the 50 percent rise over the 1972 level.

Civilian food use, the dominant component of utilization of farm food commodities, is expected to increase 2 percent in 1974, in a range of 1 to 3 percent. Most of the increase will be in livestock products. Civilian food use of crop commodities likely will be slightly above the 1973 level. Military food use likely will continue down slightly.

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

SUGAR

Per capita sugar consumption totaled 102.5 pounds (refined basis) in 1973, near the level of 1972. Deliveries for household use and use in commercially prepared foods and beverages totaled 11.6 million tons (raw value) in 1973, up 2 percent from 1972.

Domestic production of U.S. grown cane and beet sugar totaled 5.9 million tons (raw value) in 1973, nearly 7 percent less than in 1972. Most of the shortfall came from beet sugar production declining over 11 percent from 1972 to 3.2 million tons last year. Domestic production of cane sugar totaled 2.7 million tons last year, down only fractionally from the 1972 level. U.S. sugar imports during July-March 1973/74 totaled 3.9 million short tons (raw value), nearly 8 percent above the same period a year earlier.

Consumption requirements unchanged

U.S. consumption requirements continue unchanged following the half million ton increase to 12.5 million tons announced last January 11 by

USDA. Of the 413,000 ton quota increase awarded to foreign suppliers on a first-come first-served basis, only 22,000 tons remains uncommitted.

There is some doubt that the remaining 87,000 tons awarded to mainland cane growers on January 11 can be filled by December 31, 1974, since the prospective 1974 mainland cane production is likely to fall short of the area's 1974 marketing quota. At the present 12.5 million ton consumption requirement level, the total deficit from domestic sources is likely to be about 1.5 million tons.

Sugar Act Hearings

The House Agriculture Committee is presently holding hearings on amending and extending the present U.S. Sugar Act, scheduled to terminate by the end of 1974. Various parties representing domestic and foreign interests, domestic users, and consumer groups have all presented testimony at the hearings. Generally, both domestic and foreign producing areas, which have the production potential, desired larger U.S. quotas, while both domestic industrial users and household consumer groups desired ample supplies of sugar at relatively stable prices.

Sugar prices higher

The U.S. raw sugar price averaged $15.94 per cwt., in the first quarter this year, sharply higher than the $9.32 level in the first quarter in 1973 (Contract No. 10—New York spot). The April 1974 price of $19.25 was nearly double last year's April level, but still lower than the world price.

Other sugar prices are also much higher than usual. The world price (Contract No. 11—f.o.b., and stowed at Greater Caribbean ports including Brazil) averaged $19.29 per hundredweight in the first quarter this year, up sharply from previous levels. The April price rose further. Under more plentiful supply conditions, the world price over the past decade has been much lower than the U.S. price.

Wholesale refined cane sugar prices are also much higher now. Similarly, the U.S. average retail price in the first quarter this year was 18.51 cents per pound compared with 14.23 cents in the first quarter of 1973. The March price was 20.80 cents, with the April price probably significantly higher. Not only have retail sugar prices increased, but prices of soft drinks, confectionery, pastries, processed fruit and most other sugar-containing products have also increased in part reflecting higher sugar prices.

Record world crop, but—

World sugar production for the 1973/74 crop year (approximately May/April) is estimated by USDA at 90.7 million tons (raw value). If attained, this would be a record crop and nearly 8 percent larger than the previous crop. World consumption is also rising. With only partial data available, world production this crop year is expected to exceed world consumption by nearly 2 million tons.

World sugar stocks at the beginning of the 1973/74 crop year totaled 17.3 million tons (raw value). A rule of thumb in the sugar industry is that sugar prices rise sharply whenever world carryin stocks are less than 20 percent of the upcoming crop. Carryin stocks for the 1973/74 crop were only 19 percent as large as the prospective 1973/74 world crop, helping to explain the sharp increases in both U.S. and world prices in recent months.

Outlook for rest of 1974

Both U.S. and world sugar prices are likely to continue near current high levels through summer. One factor that could cause present high prices to change would be information about the size of the upcoming 1974/75 world crop.

Until the impact of new high-levulose corn sirup consumption is better known, it is assumed per capita refined sugar consumption will total approximately 103 pounds this year. Total sugar deliveries appear likely to equal or exceed last year's record level.

Domestic production of U.S. grown sugar this year appears likely to approximate last year's level. For the first time since 1964, there will be no acreage restrictions on domestic sugarcane. Also, according to planting intentions as of March 1, farmers expect to plant nearly as many acres to sugarbeets as in 1973. Moreover, in the case of either sugarcane or sugarbeets record yields or higher recoverable sugar contents could result in larger production than now anticipated.

COFFEE

Consumption down

Per capita consumption totaled 13.6 pounds (green bean equivalent—GBE) last year, down from 13.9 pounds in 1972 and continuing the downtrend which began in 1962. Per capita instant coffee consumption remained steady at 2.7 pounds (GBE) while regular coffee declined from 11.2 pounds in 1972 to 10.9 pounds last year.

Total imports of green coffee were up 5 percent last year. But after netting out green coffee reexported to other countries, imports available for U.S. consumption of 2.76 billion pounds were only slightly larger than in 1972. Imports of roasted coffee of 42 million pounds (GBE) last year, while small compared to green bean imports, increased sharply from 36 million pounds in 1972. Imports of instant soluble coffee totaled 172 million pounds (GBE) last year up from 141 million pounds in 1972.

Domestic coffee roastings totaled 2.56 billion pounds (GBE) last year, down over 3 percent from

1972. Instant roastings (which account for less than a fifth of total roastings) declined nearly 6 percent in 1973, while regular roastings were down less than 3 percent.

1973/74 crop down

The fourth estimate (March) of the 1973/74 world coffee crop (May/April) is now 64.3 million bags (132.3 pounds each), down slightly from earlier estimates. Frost damage in Brazil in July 1972 lowered its 1973/74 production as expected. There were also droughts in Ivory Coast, Kenya, and Ethiopia. The 1973/74 crop may be the smallest since 1970/71, and down 16 percent from last year. Moreover, exportable production (total harvested production less domestic consumption in producing areas) will likely total about 44.7 million bags, down 22 percent from the 1972/73 crop.

As the latest estimate on the size of the 1973/74 crop is being assimilated by the coffee industry, there will be increasing attention given to the upcoming 1974/75 crop. While estimates won't be available until the last of June, the upcoming crop is expected to be significantly larger than the 1973/74 crop.

Prices continue to rise

Green coffee prices were sharply higher in the first quarter of this year than in the last quarter of 1973. Prices of unwashed Arabica (Brazilian) and Robustas (largely from Africa) rose further in March. However, prices of Manizales from Colombia and other milds (largely from Mexico and Central America) declined slightly.

Higher green coffee prices are reflected in rising retail prices. The first quarter average U.S. price of a one-pound can of coffee was $1.13, up nearly a nickel per pound from the 1973 fourth quarter. The March price of $1.15 was still less than the record of $1.23 set in July-August 1954. A 6-oz. jar of instant coffee averaged $1.23 in the first quarter this year, also up a nickel from the fourth quarter last year. The March price of $1.26 per 6-oz. jar was even higher.

Outlook for rest of 1974

The size of the upcoming 1974/75 crop will have an impact on green coffee prices. If the crop is large enough, green coffee prices likely will decline some, unless exporting countries can limit exports sufficiently. However, even if green coffee prices decline later this year, there is a 6 to 9 month lag in retail prices. Thus, retail prices are not expected to decline much from current levels before yearend, and in the meantime could rise even higher.

Per capita consumption is expected to decline again this year to about 13 pounds consistent with the long downtrend and current high coffee prices. Total coffee imports may be less this year than in 1973, though green coffee imports through March were up sharply from the first quarter last year. Imports of roasted coffee were down sharply, while imports of instant coffee nearly matched last year's first quarter level. Total domestic roastings are expected to decline this year, consistent with higher coffee prices and the downtrend in roasting since 1962.

COCOA AND CHOCOLATE

Per capita consumption totaled 4.2 pounds (bean equivalent) last year, down from 4.4 pounds in 1972. A drop in the domestic grind as well as a decline in imports of semiprocessed cocoa and chocolate materials contributed.

New crop larger

World cocoa production in 1973/74 (October/September) is estimated at 1.42 million metric tons, only modestly higher than the 1972/73 harvest. The larger crop this year is coming mostly from a 35 percent increase in South American production to 324,000 metric tons, reflecting a record Brazilian harvest and a recovery in Ecuadorian production. Crops of 87,000 tons in North America and 43,000 tons in Oceania were also higher. African production is forecast at 970,000 tons, down 4 percent.

According to preliminary data, 1973 world cocoa bean grindings fell slightly below the record 1972 level of 1.56 million metric tons. U.S. cocoa bean grindings totaled 614 millions pounds, down 4 percent.

Cocoa prices rising

Reflecting the current tight supply situation, cocoa bean prices (New York Spot—"Accra") averaged 76 cents per pound through March this year, up 3 percent from the fourth quarter last year despite a 5 percent larger crop. Prices were nearly double those in the first part of 1973 and nearly triple the level in first quarter 1972. April prices rose even further to average a record $1.10 per pound.

Similarly, cocoa butter prices (New York spot) averaged $1.53 per pound through March this year, up 7 cents from the fourth quarter of 1973. They were two-thirds higher than first quarter 1972 and 2½ times the first quarter 1971 level.

Retail prices tend to lag wholesale prices by three to six months. The U.S. average price for a 1-oz. chocolate bar was 8.37 cents in first quarter 1974, up nearly a fifth from the fourth quarter 1973 price. Similarly, the U.S. average retail price for a 16-oz. can of chocolate-flavored sirup was 32 cents per can in the first quarter this year, 12 percent higher than in the last quarter of last year.

Wholesale cocoa prices jumped sharply in the second and third quarters of 1973, and after declining

slightly in the last quarter have since risen again in the first quarter this year. But it wasn't until the first quarter of this year that retail prices of cocoa and chocolate-containing products really began to reflect higher prices of cocoa beans and cocoa butter. Moreover, not only have cocoa and chocolate ingredient costs increased but prices of sugar and milk solids have also increased considerably, all pushing up retail cocoa and chocolate product prices.

Outlook for rest of 1974

Per capita cocoa consumption is expected to further decline this year to approximately 4.0 pounds. U.S. imports of cocoa beans, consumer products, and possibly semi-processed products are likely to decrease. Similarly, this year's U.S. cocoa bean grind is also expected to fall short of last year's 614 million pounds. Moreover, U.S. cocoa and chocolate prices, both wholesale and retail, are expected to remain at current high levels.

World grindings are likely to decline in 1974, reflecting not only tighter supplies and high cocoa prices, but also increasing use of cocoa butter substitutes and extenders.

The 1974/75 crop (October/September) may not bring much change from the present tight situation. The Brazilian crop is unlikely to be nearly as large as in crop year 1973/74.

TEA

Tea imports this year may fall short of last year's 173 million pounds. First quarter imports of 43 million pounds were down slightly.

Wholesale tea prices (India-Ceylon composite—New York spot) averaged 53 cents per pound in the first quarter, up from 48 cents in the fourth quarter. Retail tea prices averaged 68 cents per package (48 tea bags), up a penny from the level in fourth quarter 1973. Because of the sharper rise in wholesale tea prices, further rises in retail prices this year are likely.

SPICES

Imports of specified condiments and flavoring materials totaled 294 million pounds in 1973, down from 316 million pounds the previous year[1]. However, because of sharply higher prices for most spices, the dollar value of the total group imported was a record $101 million, up from $86 million in 1972.

Mustard seed imports totaled 78 million pounds in 1973, down from 104 million in 1972. Imports of caraway seed, cinnamon, and cumin seed also declined last year. Conversely, the volume of imports of capsicum peppers, cassia, ginger, paprika, black and white pepper, and sesame seed increased.

Earlier, it seemed likely the volume of imports of mustard seed and most other spices would increase this year. Now it seems more likely that current high pirces will discourage imports, possibly below the 1973 level. Since high spice prices appear to be with us for some time, the total value of condiments and flavoring materials imported this year will likely exceed the $101 million in 1973.

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[1]For more detailed information see: "Value of U.S. Spice Imports At Alltime High in 1973", *Foreign Agriculture: Tea and Spices*, FTEA 1-74, Foreign Agricultural Service, U.S. Dept. of Agriculture, Washington, D.C., April 1974, 18 pp.

Table 8.--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products			Processed foods and feeds														
				Meats														
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Beef and veal	Pork	Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and confectionery	Beverages 4/	Total 5/	All food 6/	Industrial commodities 7/	All commodities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1968	111.4	106.6	102.5	104.2	98.5	102.2	105.8	108.1	104.8	106.5	98.1	100.9	102.8	102.8	102.2	103.4	102.5	102.5
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	127.0	135.5
January	158.2	151.2	144.2	145.5	145.4	143.1	135.4	174.5	123.8	125.3	119.7	121.0	121.5	119.8	132.4	132.0	120.0	124.5
February	130.1	146.9	150.9	158.5	150.6	152.4	142.5	172.0	124.0	125.9	122.2	120.8	124.4	120.0	137.0	133.9	121.3	126.9
March	152.6	158.5	160.9	168.2	156.8	163.5	169.4	174.7	126.8	126.2	127.0	121.3	125.7	120.8	141.4	140.4	122.7	129.7
April	144.9	176.0	160.6	167.5	143.8	158.7	184.7	176.6	127.2	126.6	125.6	123.7	126.9	121.4	139.8	141.6	124.4	130.7
May	137.1	186.0	170.4	166.1	147.3	158.4	177.6	180.3	126.5	127.2	131.6	124.3	129.0	121.9	145.0	142.6	125.8	133.5
June	159.4	197.5	182.3	169.5	150.8	161.9	180.1	173.6	127.5	127.9	137.4	125.9	131.0	121.4	151.8	146.0	126.9	136.7
July	155.2	187.8	173.3	171.6	160.3	165.8	184.1	186.6	127.1	127.7	137.2	125.5	131.1	121.1	146.5	146.7	126.9	134.9
August	209.6	162.2	213.3	171.6	207.7	192.1	248.5	193.6	131.3	129.3	161.6	136.2	135.7	121.2	166.2	160.2	127.4	142.7
September	191.5	149.0	200.4	181.9	175.6	181.6	215.1	203.6	137.2	130.0	160.1	147.7	136.9	121.6	156.3	156.4	128.1	140.2
October	177.7	162.1	188.4	158.5	162.3	163.7	184.8	208.9	139.6	135.0	167.6	150.5	139.8	123.0	153.1	154.1	129.6	139.5
November	181.2	168.2	184.0	150.9	162.8	159.7	155.3	222.3	139.9	136.3	164.8	156.2	143.8	123.8	151.9	153.4	133.5	141.8
December	190.6	171.6	187.2	153.1	163.1	160.3	148.8	223.1	142.3	137.8	168.7	160.1	142.0	124.4	155.7	156.0	137.1	145.3
1974																		
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	140.5	150.4
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	142.5	152.7
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	146.6	154.5
	Seasonally adjusted 8/																	
1973																		
January	144.3	147.9	144.3	147.4	143.0	144.2	136.1	169.8	123.9	125.7	119.6	---	121.5	---	132.3	131.6	---	---
February	130.5	142.6	148.5	155.5	149.6	151.7	137.8	168.4	124.2	126.2	121.6	---	124.9	---	136.2	133.6	---	---
March	148.4	153.9	159.0	163.8	160.3	161.9	161.6	171.9	127.4	126.8	126.5	---	126.2	---	141.1	139.6	---	---
April	159.4	177.2	160.8	166.3	152.0	158.0	187.9	175.1	126.9	126.6	125.3	---	127.7	---	140.2	142.3	---	---
May	167.0	176.5	168.5	162.2	149.5	158.1	177.8	183.0	126.0	126.8	132.1	---	129.4	---	144.9	142.7	---	---
June	184.3	189.4	179.1	164.7	146.4	158.1	178.0	175.0	127.1	127.4	137.7	---	131.1	---	151.2	145.3	---	---
July	150.1	193.0	169.9	164.2	148.6	158.5	173.5	187.3	127.0	127.2	137.8	---	130.3	---	144.6	144.8	---	---
August	228.1	168.6	214.2	171.6	200.3	189.4	248.0	196.7	131.4	128.8	162.2	---	135.0	---	165.5	160.2	---	---
September	171.7	150.8	203.7	185.4	173.2	182.1	209.9	206.1	137.6	130.1	161.1	---	136.4	---	156.5	155.8	---	---
October	189.4	178.1	193.0	166.1	163.3	168.1	190.5	214.5	139.7	135.4	167.3	---	138.6	---	154.3	156.6	---	---
November	171.1	167.5	189.1	158.3	172.5	166.4	161.8	220.3	139.9	136.2	164.0	---	144.1	---	153.6	154.6	---	---
December	156.4	173.2	187.6	157.3	168.0	164.9	163.7	223.3	141.9	138.1	168.5	---	142.7	---	157.0	156.8	---	---
1974																		
January	180.5	180.5	202.8	185.9	169.4	179.2	146.7	209.4	145.2	139.7	177.0	---	151.8	---	161.9	163.4	---	---
February	187.4	208.3	202.4	172.3	172.6	174.1	170.2	218.0	147.9	141.0	191.8	---	167.8	---	163.7	170.1	---	---
March	163.2	204.5	194.7	158.7	158.0	158.5	157.5	208.6	152.0	141.9	205.3	---	191.0	---	162.7	167.7	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics.

Table 9.--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home															Food away from home	All food	Consumer Price Index, less food	Consumer Price Index
	Meats			Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fruits and vegetables			Cereal and bakery products	Sugar and sweets	Beverages	Total				
	Beef and veal	Pork	Total 2/						Fresh	Processed	Total								
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1968	104.1	100.2	102.3	103.1	101.6	107.8	103.3	97.7	109.4	105.6	107.9	100.4	103.4	101.9	103.2	105.2	103.6	104.4	104.2
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
January	142.9	135.0	137.7	116.1	149.2	151.6	119.1	114.6	135.5	123.1	130.5	116.3	121.7	123.9	127.2	134.2	128.6	127.4	127.7
February	152.3	142.2	145.2	120.7	151.3	141.2	121.0	114.7	139.8	123.7	133.3	117.8	122.8	125.6	130.1	134.7	131.1	127.9	128.6
March	160.2	149.8	153.0	150.7	152.8	136.2	121.5	115.3	145.1	124.5	136.8	119.0	124.0	126.4	134.2	135.7	134.5	128.4	129.8
April	162.9	150.7	156.1	150.1	156.1	138.8	121.8	117.9	152.6	125.7	141.8	120.2	125.3	127.2	136.4	137.0	136.5	129.1	130.7
May	162.7	150.0	155.9	150.4	160.2	138.7	123.2	119.9	156.9	126.3	144.6	122.1	126.3	129.5	137.6	138.9	137.9	129.7	131.5
June	163.5	151.4	156.7	150.8	163.7	146.6	124.1	122.4	168.2	127.2	151.7	123.0	127.6	131.4	139.9	139.8	139.8	130.3	132.4
July	164.3	153.4	157.8	154.6	163.8	151.3	124.1	122.8	171.3	127.6	153.7	123.5	127.9	131.7	140.9	140.9	140.9	130.4	132.7
August	175.4	197.0	180.0	225.4	165.2	198.4	126.6	125.0	168.4	129.1	152.6	124.7	128.8	131.9	151.3	142.4	149.4	130.9	135.1
September	177.0	191.3	180.8	185.9	167.1	188.4	130.3	135.7	141.3	131.2	137.3	132.4	129.6	132.1	149.2	145.1	148.3	131.8	135.5
October	170.6	177.2	172.7	157.7	170.8	179.2	137.3	149.8	141.6	134.7	138.8	139.0	131.2	133.2	148.7	147.7	148.4	133.1	136.6
November	167.7	172.2	169.2	149.7	175.8	169.1	141.2	154.6	145.1	141.6	143.7	145.8	135.6	134.2	150.1	149.7	150.0	134.0	137.6
December	165.7	170.1	167.6	145.9	178.1	182.7	144.9	155.9	144.0	147.2	145.3	148.5	138.4	135.4	151.5	150.7	151.3	134.7	138.5
1974																			
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	157.4	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	163.2	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	171.8	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
	Seasonally adjusted																		
1973																			
January	144.3	136.9	139.1	117.4	149.1	137.2	5/	---	137.0	123.0	131.7	116.4	121.8	124.1	127.6	134.3	128.9	127.5	127.9
February	153.8	143.6	146.5	120.9	150.8	135.5	5/	---	142.8	123.8	134.9	117.8	123.0	125.6	130.4	134.8	131.4	128.2	128.8
March	160.4	149.2	152.8	149.4	152.5	134.1	5/	---	144.8	124.6	136.7	118.8	124.0	126.4	134.3	136.0	134.5	128.5	129.9
April	161.3	151.5	155.5	150.0	155.6	139.4	5/	---	150.2	125.6	140.4	119.8	125.2	127.1	136.1	137.0	136.4	129.1	130.7
May	161.9	152.4	156.4	151.2	159.9	149.6	5/	---	151.4	126.4	141.6	122.0	126.0	129.5	137.6	139.0	137.9	129.7	131.5
June	162.5	152.2	156.2	149.3	163.5	168.7	5/	---	158.4	127.5	146.3	123.0	127.5	131.1	139.2	139.9	139.2	130.2	132.2
July	161.7	150.5	155.6	150.8	164.1	162.9	5/	---	161.3	127.7	148.2	123.4	127.9	131.6	139.5	140.9	139.9	130.4	132.5
August	172.6	192.0	177.0	221.9	165.5	200.4	5/	---	163.7	129.2	149.9	124.7	128.8	131.8	150.2	142.3	148.5	131.0	135.1
September	175.6	187.2	178.8	182.6	167.6	184.0	5/	---	144.5	130.9	139.1	132.5	129.6	132.4	149.1	145.0	148.3	131.8	135.5
October	171.5	175.6	172.7	158.8	171.1	175.9	5/	---	150.6	134.7	144.1	139.1	131.3	133.1	149.6	147.6	149.1	132.8	136.6
November	170.3	173.8	171.1	153.2	176.5	170.1	5/	---	152.3	141.5	147.8	146.1	135.7	134.2	151.6	149.6	151.2	133.7	137.7
December	169.3	173.6	170.7	150.6	177.7	167.6	5/	---	150.8	146.9	148.9	148.6	138.4	135.7	152.0	150.7	151.6	134.6	138.4
1974																			
January	170.3	176.0	171.6	158.7	180.2	172.9	5/	---	150.2	151.3	151.1	149.8	140.4	137.6	154.8	151.8	154.0	135.7	139.9
February	183.1	175.8	177.9	155.0	182.1	186.3	5/	---	157.8	158.2	157.8	154.4	149.8	139.1	159.3	152.8	157.9	137.1	141.7
March	178.6	168.3	172.9	150.6	184.8	173.0	5/	---	162.0	163.0	162.3	158.3	162.0	142.0	160.8	154.0	159.1	138.5	143.1

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. After December 1963 computed by Economic Research Service using data for items additional to those in the CPI. 5/ Slight seasonal variation statistically insignificant.

Bureau of Labor Statistics.

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AUGUST 1974

NATIONAL FOOD Situation

ECONOMIC RESEARCH SERVICE

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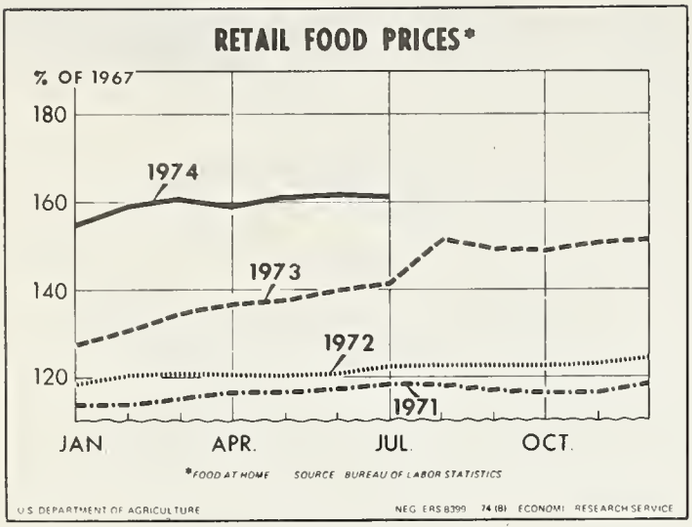

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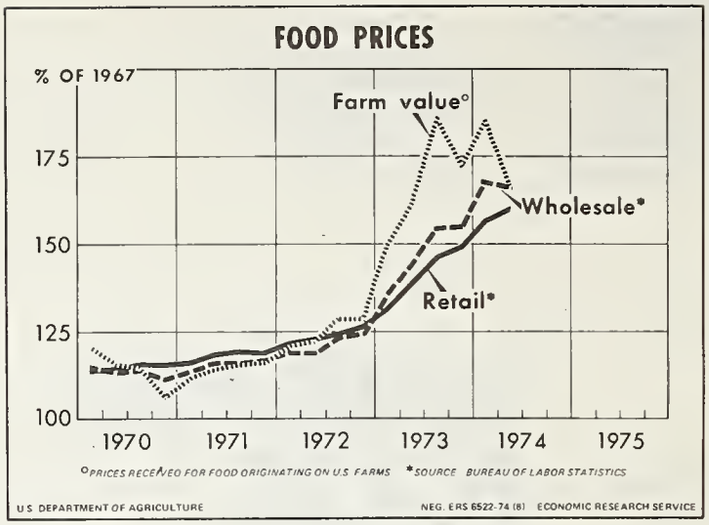

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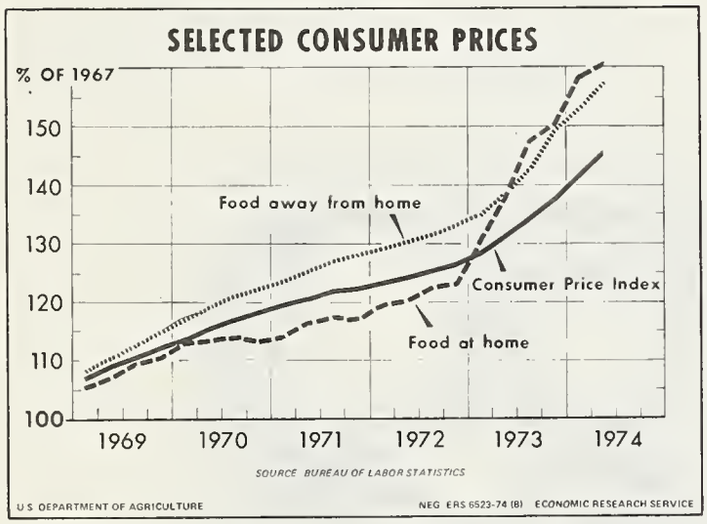

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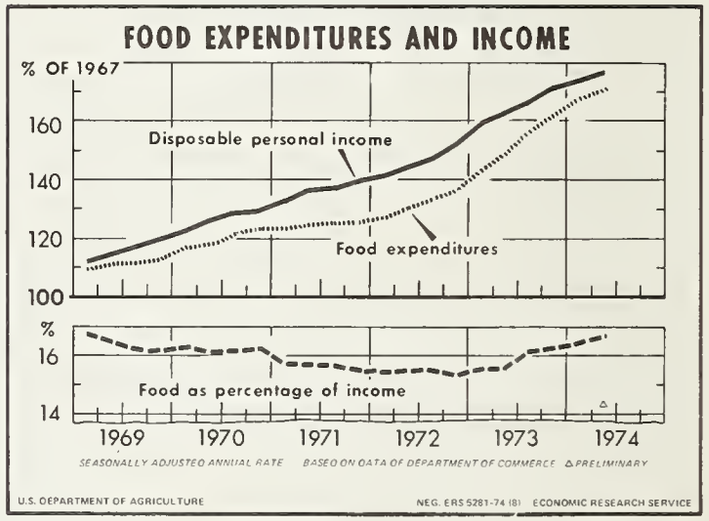

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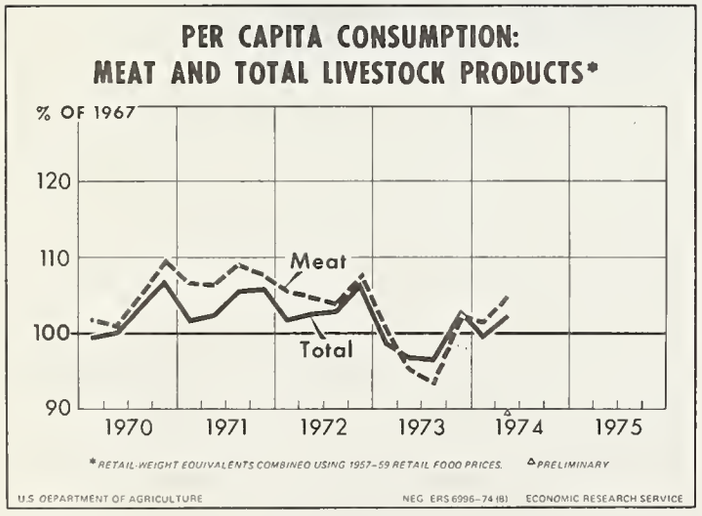

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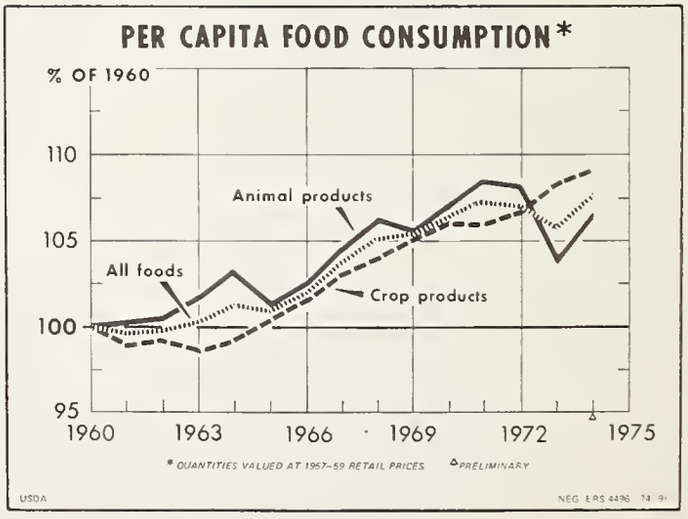

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NATIONAL FOOD SITUATION

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Approved by
The Outlook and Situation Board
and Summary released
August 23, 1974

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SUMMARY

Rising prices for many important agricultural commodities, induced by unfavorable weather conditions over much of the United States, appear likely to cause further advances in average retail food prices during the last half of 1974. Instead of remaining steady during the third quarter and declining slightly in the fall, as estimated earlier this year, they are now expected to rise about 3% during the third quarter and little more in the fourth quarter.

For all of 1974, grocery store food prices are now expected to average about 15% above 1973. This compares with last year's advance of a little over 16% for this category. With prices for restaurant meals and snacks rising nearly as much as groceries, the all-food retail price average for 1974 may also be up nearly 15% from 1973. This is practically the same rise as last year.

Much of the increase in food prices for the third quarter will be associated with crop-related products. Retail prices for vegetable oil end-products, cereal and bakery items, beverages and sugar products are expected to continue higher through the remainder of 1974. Retail prices for canned and frozen fruits and vegetables are also likely to rise further. Fresh fruit and vegetable prices are likely to decline seasonally in the fall. Average retail prices for animal-related products are expected to increase moderately before stabilizing this fall. Advances for red meat, eggs, and fishery products in the third quarter may be only partially offset by a modest decline for dairy products. Red meat prices may decline seasonally later this fall and generally offset increases for most other animal-related products.

These price estimates are based on supply and demand prospects assessed as of mid-August, including general inflationary pressures. Further reductions in farm output on the order of 3% from currently expected levels and stronger demand could result in a 6%-7% increase in retail food prices in the second half. For all of 1974 retail food prices would average about 17% above a year earlier. Conversely, if there were larger farm output of about the same magnitude, and declining domestic and world demand conditions, retail food prices could decrease a little late in 1974. Under these conditions the all-food average for 1974 would still be about 13% above last year.

The second quarter Consumer Price Index for food

averaged 1.7% above the winter quarter, up less than the previous 4½% quarterly rise. A 3% advance for food away from home prices exceeded the 1.4% rise for groceries. The Consumer Price Index for all items less food, including both commodities and services, averaged about 3½% above the first quarter.

Substantial recovery from 1973's reduced red meat consumption levels together with increases for poultry, fruit, potatoes, cereals and sweeteners is expected to bring per capita food consumption to a record high level this year, over 1½% above 1973. With more meat, fish consumption will likely decline slightly from the high level attained in 1973 and the downtrend for eggs is expected to continue. While per capita consumption of animal-related food products is expected to increase 2½% over last year, it will still average 2% under the record highs of 1971 and 1972 due to lower levels for meat, eggs, and animal fats.

Personal consumption expenditures for food in the second quarter rose slightly more than $3 billion, over 2% above the first quarter, to nearly $161 billion (seasonally adjusted, annual rate). Most of this increase was due to an increase in expenditures for food eaten at home, although those for restaurant meals and snacks were up also. Total spending for food was nearly 15% above the second quarter of 1973, reflecting higher prices.

Participation in the Food Stamp Program rose to 13.7 million people in June, 12% more than a year earlier. The value of bonus stamps in the first half was nearly 50% above a year earlier, due largely to increases in the bonus stamp allotment which is adjusted to reflect increases in the cost of the economy food plan.

This year's production of U.S. farm food commodities is expected to be down from 1973, with a 3% increase for livestock items more than offset by a nearly 6% drop for crops. The reduction for crops largely reflects the smaller feed grain and oilseeds harvests in prospect this fall. Civilian food use of farm food commodities may increase nearly 3% from last year's reduced level, matching the record high of 1972. Exports of farm food goods may be down more than a tenth from the 1973 record.

FOOD PRICES

Spring Food Price Increases Moderate

The second quarter Consumer Price Index for food averaged 1.7 percent above the winter quarter, considerably below the previous 4½ percent quarterly rise (table 1). Much of this spring's increase reflected a 3 percent advance for food away from home prices as grocery store food prices rose 1.4 percent for the quarter. The Consumer Price Index for all items less food, including both commodities and services, averaged about 3½ percent above the first quarter.

Changes in retail food prices, second quarter, 1974

Item	From first quarter 1974	From second quarter 1973
	Percent	*Percent*
Meat	-7.9	2.0
Poultry	-9.1	-6.6
Fish	2.4	16.8
Dairy products	3.4	25.2
Eggs	-24.8	-.5
Fats and oils	12.9	55.6
Fruits and vegetables	11.9	19.6
Sugar and sweets	17.2	39.6
Cereal and bakery products	6.2	34.4
Beverages	7.2	15.6
Other preparations	6.3	17.2
Food at home	1.4	16.1
Food away from home	2.9	13.3
All food	1.7	15.5

The quarterly increase in food at home prices was primarily due to a very sharp increase in marketing margins. The farm value of U.S. produced farm foods was down significantly.

The deceleration of food price inflation began in April when the Consumer Price Index for food dropped for the first time in 6 months (table 11). This essentailly reflected an easing in the tight supply-demand conditions which had prevailed during much of 1973 and the early part of 1974. On the supply side, stepped up production of livestock related products more than offset continued tight supplies of most crop related foods. On the demand side, the pace of economic activity slowed considerably from a year ago, and disposable personal income gains during the first half of 1974 were about half the rate of a year earlier.

Almost all of the second quarter increase in the CPI for food at home was due to a sharp advance in prices of crop related foods. Retail prices for foods derived from livestock products fell considerably.

The retail price index for crop related foods rose 9½ percent above the winter quarter, much more than usual for this time of the year, with costs of processing and distributing accounting for almost all of the increase. The crop food retail price index averaged over a fourth above the second quarter a year ago.

Consumer prices for livestock related foods, which usually increase in the spring, fell almost 5½ percent from the first quarter, but averaged over 8 percent above the second quarter of 1973. Retail prices for red meats, poultry, and eggs dropped considerably from

Table 1.--Consumer, wholesale, and farm price indexes, 1973-74
(1967=100)

Item	1973				1974		
						II	
	II	III	IV	Year	I	Index	Percent change from 1973 II
							Pct.
Retail prices: 1/							
All goods and services (CPI)	131.5	134.4	137.6	133.1	141.4	145.6	10.7
All items less food	129.7	131.0	133.9	130.7	136.9	141.5	9.1
All food	138.1	146.2	149.9	141.4	156.8	159.5	15.5
Food at home	138.0	147.1	150.1	141.4	158.0	160.2	16.1
Food away from home	138.6	142.8	149.4	141.4	152.6	157.1	13.3
Wholesale prices: 1/							
All commodities	133.2	138.7	139.9	134.7	149.2	154.5	16.0
Industrial commodities	125.2	126.7	130.3	125.9	138.6	150.2	20.0
Farm products	171.1	195.7	186.5	176.3	201.7	178.5	4.3
Processed food	139.4	152.4	152.4	144.4	163.9	161.9	16.1
All food 2/	143.4	154.4	154.5	146.9	167.7	166.0	15.8
Prices received by farmers: 3/	164	191	183	172	198	174	6.1
Crops	156	180	185	164	215	202	29.5
Livestock and products	171	199	183	179	187	156	-8.8
Market basket of U.S. farm food: 4/							
Retail cost	138.5	148.4	151.3	142.3	159.2	160.2	15.7
Farm-retail spread	124.4	124.6	138.0	126.6	142.6	156.2	25.6
Farm value	160.9	181.2	172.3	167.0	185.3	166.4	3.4

1/ Department of Labor, Bureau of Labor Statistics.

2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.

3/ Statistical Reporting Service.

4/ Economic Research Service.

the first quarter, more than offsetting increases for fish and dairy products.

Wholesale Food Prices Drop

The second quarter Wholesale Price Index for all foods averaged about 1 percent below the first quarter, about twice the normal drop, after rising almost 8½ percent between the previous two quarters (table 10). The WPI for farm products dropped almost 12 percent while industrial commodities rose about 8½ percent.

Compared to the second quarter a year ago, the all foods index was about 16 percent higher, below the 20 percent rise for industrial products. Farm products rose less than 4½ percent.

The second quarter decline in the all foods index reflected a sharp drop for livestock related foods. Beef and veal, pork, poultry, eggs, and fish fell significantly, while dairy products, which normally rise in the second quarter, remained essentially unchanged.

Among crop foods, fresh and dried fruits and vegetables rose 10 percent, while processed fruits and vegetables were 3½ percent higher. Sugar related products were 27 percent higher while beverages rose 6½ percent. Cereal and bakery product prices fell from the first to the second quarter.

Food Price Outlook

Further advances in average retail food prices now appear likely during the last half of 1974. This is primarily a reflection of lower production and rising prices for many important agricultural commodities induced by unfavorable weather conditions over much of the United States. Instead of remaining steady during the third quarter and declining slightly in the fall, as estimated earlier this year, retail food prices are now expected to increase about 3 percent in the third quarter and a little more in the fall.

For all of 1974 grocery store food prices are now expected to average about 15 percent above 1973. This compares with last year's little over 16 percent average advance for this category of food prices. With prices for restaurants meals and snacks rising at only a slightly lower rate, the all-food retail price average for 1974 may also be up nearly 15 percent from 1973. This is practically the same average increase as last year and reflects the lower supply-higher demand situation described in earlier forecasts.

Most of the increase in food prices this summer will be associated with crop-related products. Retail prices for vegetable oil end products, cereal and bakery items, beverages and sugar products are expected to continue to rise through the remainder of 1974 and early 1975. Retail prices for canned and frozen fruits and vegetables are also likely to rise further, but lower dry edible bean prices are expected. Fresh produce prices are likely to average higher this summer but decline seasonally in the fall.

Average retail prices for animal-related products are expected to increase moderately through the summer months before stabilizing this fall. Advances for red meat, eggs, and fishery products in the third quarter may be only partially offset by a modest decline for dairy products. Red meat prices may decline seasonally this fall and generally offset increases for most other animal related products.

Substantially larger farm output than now seems likely and declining domestic and world demand conditions could still result in a slight decrease in retail food prices during the remainder of 1974. Under these conditions the all food average for 1974 would be about 13 percent above last year. Conversely, further reductions in farm output from currently expected levels and stronger demand could result in a 6-7 percent increase in retail food prices during the last half of the year. For all of 1974 retail food prices would average about 17 percent above a year ago.

Commodity Review

Beef—Retail beef prices, which usually rise during the second quarter, averaged 5½ percent below the first quarter, and only 2 percent above the second quarter of 1973 (figure 7). Retail beef prices fell steadily from February to June. Beef production in the second quarter rose sharply above the first quarter. Retail beef prices are rising this summer but will likely decline again in the fall. But beef prices will likely remain below year-earlier levels throughout the second half of 1974.

Pork—A large increase in pork production this spring pushed retail pork prices 14 percent below the first quarter and 1 percent below a year ago. The index fell throughout the quarter. Seasonally smaller supplies this summer will result in retail prices above the June average. However a 10 percent increase in pork supplies this fall from the summer level will again push retail prices lower. Retail prices are expected to remain below last year's level through the second half.

Eggs—Only half of the 25 percent drop in retail egg prices was due to the usual seasonal decline. Although egg output during the first half of 1974 was below last year, larger supplies of most high protein foods have dampened demand. Egg prices likely will increase seasonally this fall but stay below the high levels recorded for the second half of 1973.

Poultry—Poultry prices fell 9 percent from the first quarter and are about 7 percent below a year ago. Output of both chicken and turkey increased during the second quarter and demand was limited by larger supplies of red meats. In recent months, broiler producers have sharply cut back hatchery activity as broiler prices dropped below production and processing costs. Retail prices this summer will show some further seasonal rise and remain strong in the fall.

Fish—Retail fish prices averaged 17 percent above the second quarter of 1973 and 2½ percent above the

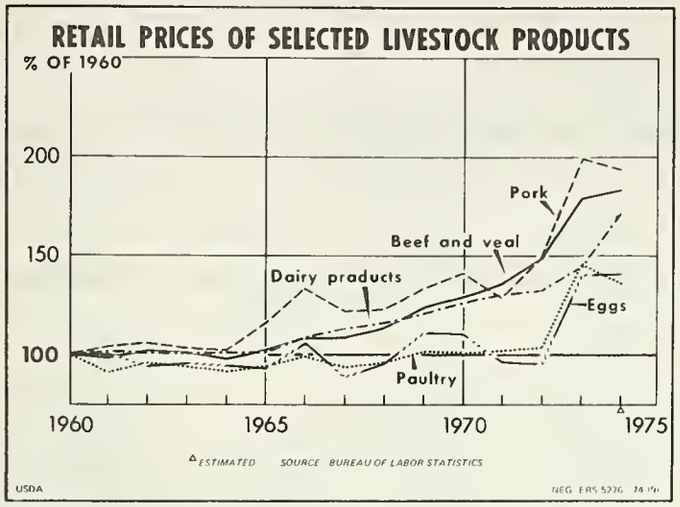

Figure 7

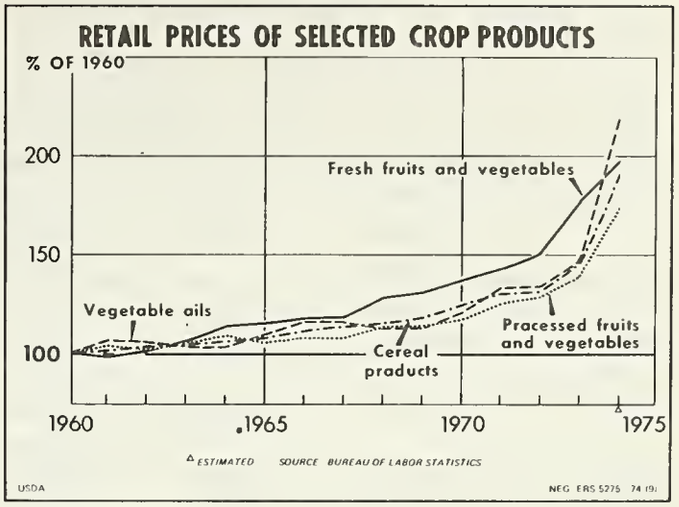

Figure 8

first quarter of 1974, despite higher inventories. Demand appears to have eased from a year ago because of lower prices for other high protein foods, but production costs have increased sharply. Prices appear likely to rise for the rest of the year.

Dairy—Retail dairy prices dropped in both June and July, the first month-to-month declines in almost 2 years, but second quarter prices averaged a fourth above a year earlier. Rising dairy product supplies relative to demand caused sharp second quarter seasonal declines in wholesale prices of most dairy products. Retail prices during the remainder of the third quarter are likely to hold steady before rising seasonally this fall and winter. Higher feed prices may limit milk production this winter, but commercial dairy product stocks continue well above year-earlier levels.

Fruits and vegetables—Product prices in this category averaged 12 percent above the first quarter and about a fifth above a year ago (figure 8). Fresh potato prices rose 36 percent above the first quarter due to relatively low storage stocks and strong demand from processors. Fresh vegetable prices were 7½ percent higher than the first quarter, while fresh fruit prices were about 11 percent more, a large part of which was seasonal. Processed fruit and vegetable prices were 8 percent higher reflecting lower supplies of many items and higher marketing costs.

Consumer prices for fresh fruit will remain above year-earlier levels during the remainder of 1974, reflecting slightly lower supplies as well as strong demand and increased marketing costs. Fresh vegetable prices will remain generally firm for the rest of the year rather than declining seasonally reflecting lower production. But potato prices will likely show further weakness with a larger crop expected this fall, although processor demand is expected to be strong. Relief is in store for dry bean and pea prices as supplies are expected to increase significantly. Prices of frozen and canned fruits and vegetables will remain well above a year ago as processors pass sharply higher raw product and other costs through to consumers.

Cereal and bakery products—Retail prices for cereal and bakery products rose over 6 percent from the first quarter and averaged almost a third above a year ago. The quarter-to-quarter gain was due to increases in marketing costs. Retail prices are expected to remain firm to higher for the remainder of the year.

Sugar and sweets—Retail sugar and sweets prices advanced 17 percent between the first two quarters of 1974, the highest increase in the CPI, reflecting the tight world demand-supply situation. Further increases are expected for the remainder of the year as high raw material prices and marketing costs are reflected at retail.

Other foods—Fats and oils prices averaged 13 percent above the first quarter and are expected to remain strong for the rest of the year. Higher coffee and sugar-related soft drinks prices contributed to the sharp increase in *beverage* prices which are expected to increase further this year.

FOOD SPENDING AND INCOME

Personal consumption expenditures for food rose during the second quarter of 1974 more than $3 billion or 2.1 percent over the first quarter reaching nearly $161 billion (seasonally adjusted, annual rate). Most of this increase was due to an increase in expenditures for food eaten at home which rose $2 billion, or 1.7 percent to $127.1 billion. Restaurant meals and snacks accounted for $33.7 billion up about $1.2 billion over the previous quarter resulting in about a 3½ percent increase (table 2).

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-74 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
I	728.6	90.2	12.4	24.7	3.4	114.9	15.8
II	744.1	91.9	12.4	24.8	3.3	116.7	15.7
III	751.3	92.6	12.3	24.9	3.3	117.5	15.6
IV	761.8	91.9	12.1	26.2	3.4	118.1	15.5
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974							
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6

1/ Quarterly data are seasonally adjusted annual rates. 2/ Based on unpublished data of the Department of Commerce, and the Survey of Current Business and The National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/ Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments.

Food expenditures remain much higher than a year ago. Total spending for food remains over 15 percent above the second quarter of 1973. Expenditure levels for food at home were 15.7 percent over last year, while expenditures for restaurant meals rose 13.1 percent during the same time period.

Change in food expenditures, second quarter, 1974 (seasonally adjusted)

Item	From first quarter 1974	From second quarter 1973
	Percent	*Percent*
Total food		
Current dollars	2.1	15.1
1958 dollars	.6	-1.0
Food at home		
Current dollars	1.7	15.6
1958 dollars	.8	-1.0
Food away from home		
Current dollars	3.7	13.1
1958 dollars	.5	-.7

All of the annual increase in food expenditures was due to higher prices. Total food expenditures adjusted for price increases, which are a rough measure of quantities, declined from last year's levels 1 percent due to declines in both expenditures for food at home and restaurant meals and snacks. However, price-adjusted food expenditures did rise fractionally from the first to the second quarter with expenditures for food at home up 0.5 percent and restaurant meals and snacks up 0.8 percent relative to the first quarter.

Quarterly changes in personal expenditures and disposable personal income (Seasonally adjusted)

Item	1973		1974	
	III	IV	I	II[1]
	Pct.	*Pct.*	*Pct.*	*Pct.*
Personal consumption expenditures	2.2	0.9	2.0	3.4
Durable goods	.2	-6.1	-.3	4.5
Nondurable goods	3.3	2.4	3.5	3.1
Food	5.7	3.2	3.4	2.1
Other	1.6	1.8	3.6	3.9
Services	1.8	2.1	1.4	3.2
Personal disposable income	2.4	2.8	1.2	1.7

[1] Preliminary.

Disposable personal income rose $15.9 billion or 1.7 percent during the second quarter reaching $966.5 billion (seasonally adjusted annual rate). Personal outlays rose $28.7 billion resulting in a $12.9 billion drop in personal savings. The percent of income allocated for food remained at 16.6 percent, the same as the first quarter of 1974 and increased from the 15.7 percent during the second quarter of 1973 (table 2).

The Department of Commerce has revised its National Accounts Statistics for the past 3 years. Personal consumption expenditures for food were revised down by 0.6 percent and 1.3 percent for 1971 and 1972 respectively, and revised upward by 3.4 percent for 1973.

Spending on durable goods increased sharply during the second quarter after declining the previous two quarters. Much of this increase was due to a 5½ percent increase in sales of automobiles and parts which rose for the first time in a year. Expenditures in other durable goods categories also remained strong during the quarter.

Nearly half of the $11.4 billion increase in nondurable goods spending was due to a nearly 17 percent increase in spending for gasoline and oil. Spending on clothing and shoes remained the same.

The various economic events during the past year, especially the oil shortage and the unusual increase in food prices, have resulted in some shifts in expenditure patterns, most notably between durable and nondurable goods.

Proportion of total consumer expenditures

Item	Second quarter	
	1973	1974[1]
	Percent	*Percent*
Food, excluding alcoholic beverages	17.5	18.5
Nondurables excluding food	24.2	24.7
Clothing and shoes	8.8	8.6
Gas and oil	3.5	4.2
Other	11.9	11.9
Durables	16.5	14.9
Automobiles and parts	7.4	5.8
Other	9.1	9.1
Services	41.8	41.9
Housing	14.5	14.4
Household operation	5.8	6.0
Transportation	2.9	2.9
Other	18.6	18.6

[1] Preliminary.

Despite the second quarter advance in sales of automobiles and parts, auto sales in the second quarter was 15 percent below the second quarter of 1973. As a result, the proportion spent on automobiles

Table 3 .--Federal cost of USDA food programs, 1971-74

Year	Food stamps		Food distribution 2/				Child nutrition 4/				Total 5/
	Total issued	Bonus stamps 1/	Needy families	Supplemental food 3/	Schools	Institution	School lunch	School breakfast	Special food	Special milk	
	Million dollars										
1971	3,103	1,699	318	16	295	26	645	22	34	92	3,146
I	738	412	85	4	110	6	186	7	3	30	843
II	774	420	82	4	35	8	169	15	6	23	753
III	777	423	76	4	42	6	72	2	21	11	658
IV	815	443	75	4	108	6	218	7	4	28	892
1972	3,615	1,980	271	16	280	27	764	28	44	91	3,501
I	846	460	76	4	119	6	252	8	4	30	960
II	873	472	72	4	43	8	195	7	8	22	830
III	938	524	65	4	39	6	91	3	27	12	771
IV	960	525	58	4	79	6	227	10	4	28	940
1973	4,054	2,212	196	17	259	25	911	38	55	65	3,778
I	998	546	59	4	90	7	297	11	5	30	1,050
II	995	537	53	4	50	8	230	10	9	22	922
III	1,015	556	44	4	33	5	101	4	36	2	785
IV	1,049	573	41	5	86	5	283	13	5	11	1,021
1974											
I	1,314	788	45	5	131	6	357	19	8	21	1,381
II 6/	1,352	801	39	4	52	5	287	16	14	18	1,236

1/ Includes Food Certificate Program.
2/ Cost of food delivered to State distribution centers.
3/ Includes special food services for preschool and school age children in nonprofit institutions.
4/ Money donated for local purchase of food. Excludes nonfood assistance.
5/ Excludes those food stamps paid for by the recipient.
6/ Preliminary.

declined relative to total consumption expenditures during the year.

At the same time rising prices for food have caused a reversal of the historically declining proportion of consumption expenditures allocated to food. Rising gas and oil prices have also caused a greater proportion of expenditures to be allocated to that category. The share of all other consumption expenditures remained relatively constant.

Food Programs

Participation in the Food Stamp Program continued to increase during the first 6 months of 1974. By June 13.7 million people were receiving food stamp benefits, 12 percent more than in June of 1973. Much of this increase is due to local areas switching from Food Distribution to the Food Stamp Program. The Food Distribution Program was discontinued in all but a few counties as of July 1, 1974. Participation increases were also due to increased bonus stamp allotments and increases in the maximum family income allowed to qualify for participation.

The value of bonus stamps issued increased an average of 50 percent during the first six months of the year over a year earlier (table 3). Much of this increase was due to adjustments in the bonus stamp allotment to reflect increases in the cost of the economy food plan. Further food price increases resulted in a 5½ percent increase in the bonus stamp allotment which became effective July 1, 1974.

The value of food stamps issued represented nearly 4½ percent of personal consumption expenditures for food at home during the second 3 months of 1974.

Child Nutrition

Children participating in the School Lunch Program reached a peak of 24.9 million during December of 1973. The number of children participating was down slightly relative to the 1972-73 school year reflecting declines in school enrollment and increases in school lunch prices. Enrollment declines were partially offset by the addition of 1,000 new schools to the program during the school year. Eighty-six percent of all school children were enrolled in schools offering lunch programs as of May 1974.

Restrictions that limited the participation in the school breakfast program to those schools that enrolled large numbers of low income students or students traveling long distances to school were lifted during the 1973-74 school year. As a result, participation rose from 1.3 million during the beginning of the school year to 1.6 million children in April.

The Federal cash contribution to the school lunch and breakfast programs during the 1973-74 school year was 23% above a year earlier reflecting primarily higher prices. The value of foods distributed to schools (including the $70.8 million cash contribution in lieu of commodity donations during the 1972-73 school year) declined 5 percent.

The total value of food and cash grants distributed through the USDA food programs during the first 6 months of 1974 rose 28 percent relative to the same period last year, with most of the increases coming in the value of bonus stamps and the cost of the School Lunch Program.

PER CAPITA FOOD CONSUMPTION

Substantial recovery from sharply reduced 1973 meat consumption levels together with increases for poultry, fruit, potatoes, cereals and sweeteners should lift per capita food consumption to a record high level this year. With more meat, fish consumption will likely decline slightly from the high level attained in 1973 and the downtrend for eggs is expected to continue (table 4).

While per capita consumption of animal-related food products is expected to increase about 2½ percent over last year it will remain 2 percent under the record highs of 1971 and 1972 due to lower levels for meat, eggs, and animal fats (figure 9). Consumption of crop foods has risen steadily, increasing 3 percent since 1971. Half of this rise occurred in 1973, partly in response to shorter supplies of livestock products. Consumption of processed fruits and vegetables moved up sharply encouraged by the restricted retail price increases allowed under price control regulations (figure 10).

Livestock products

Per capita consumption of livestock-related food products (excluding fish) in second-quarter 1974 rose about 2½ percent above January-March and nearly 2 percent more than is usual for the season (table 5). A 3 percent increase in red meat consumption instead of the usual 2 percent decline was responsible for the gain. A fractional increase for dairy products and an 11 percent gain for poultry were less than seasonally expected, while the 3 percent decline in egg use was about normal for this period.

Throughout the last half of the year, per capita meat supplies will continue strongly above the unusually low levels of a year earlier. But declines for both beef and pork will bring total meat consumption to the year's lowest point during the third quarter before jumping nearly 8 percent to the highest level for the year in the fall. The same pattern, with less spectacular changes, is reflected in the index for all livestock-related foods during the remainder of the

Table 4.--Per capita food consumption index, 1967-74 1/

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	120	107	94	105	100
1973	98	109	116	90	100	80	125	109	93	111	103
1974 4/	103	111	115	88	100	76	126	108	94	116	105

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	102	100	89	123	98	108	98	103.6	103.5	103.5
1973	100	107	102	83	127	98	109	96	99.3	105.2	102.0
1974 4/	99	107	102	84	129	99	110	94	101.9	105.9	103.7

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-74 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products: Excluding butter	Dairy products: Including butter	Animal fats: including butter	Total livestock products 2/
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 3/ I	100.9	95.6	91.6	100.1	99.6	85.2	98.9
II	95.3	102.5	91.0	100.7	99.7	77.2	96.7
III	93.3	110.6	88.2	100.6	99.6	79.1	96.4
IV	102.2	127.6	91.3	100.4	99.5	78.5	102.8
1974 3/ I	101.6	100.0	89.6	100.8	99.4	73.7	99.4
II	104.7	110.6	87.0	101.3	99.8	74.0	102.0

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/ Excludes fish and honey.

3/ Preliminary.

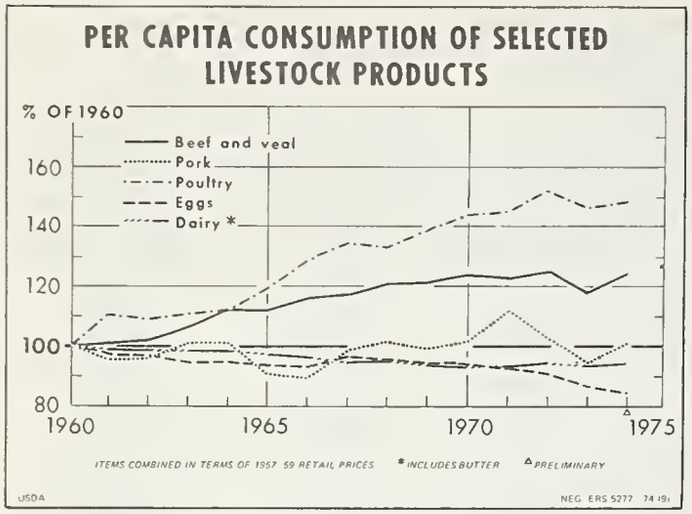

Figure 9

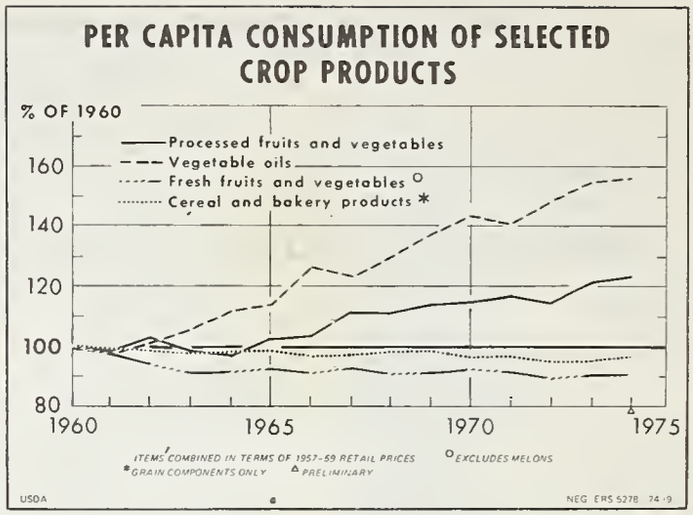

Figure 10

year. While per capita meat supplies are expected to average about 6 percent above the last half of 1973, all livestock products may be up about 2½ percent. Per capita consumption of meat may average only half a percent higher than during January-June, a third of the normal gain, while all livestock-related foods are expected to be up 1½ percent, half as much as is seasonally expected.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1972	I	103.8	105.2
	II	103.4	106.9
	III	102.2	103.6
	IV	103.4	105.7
1973	I	100.7	100.7
	II	97.8	97.2
	III	96.1	93.2
	IV	100.2	100.5
1974	I	101.2	101.4
	II	103.1	106.8

Commodity Reviews

Meat.—With beef rebounding this year to a level second only to the record high 116 pounds per person attained in 1972, all red meat consumption could be up about 10 pounds over the 176 pounds consumed in 1973 (table 6). Pork consumption may be near 66 pounds per person—up 4 pounds from last year, veal consumption may be up slightly but fractional declines are expected for lamb and mutton use. The expected 6-pound beef increase will be from nonfed steers, heifers and cows; fed beef probably will decline.

Meat consumption in the first half of 1974 was up nearly 5 pounds from last year. Consumption of beef was up 2.6 pounds and pork over 2 pounds, partially offset by a small decline for lamb and mutton. Veal consumption was unchanged.

In the third quarter, per capita meat consumption, though 7 percent above a year ago, is expected to reach the low point for the year largely because of the seasonal drop in supplies for pork. Expanded supplies in the fall, for both beef and pork, are expected to push consumption to the year's peak and up to the record fall levels which prevailed during 1970-72.

Fishery products[1].—The increased level of fish consumption last year, 12.6 pounds per person, is not expected to be sustained in 1974. Increased use of shrimp will likely maintain fresh and frozen fish use at the 1973 level, but canned fish consumption may be slightly lower because of reduced salmon supplies.

Cold storage holdings of fishery food products as of June 1, at 393 million pounds, were more than half again larger than a year earlier. Normally inventory levels recede during the first part of the year prior to the seasonal upswing in production. The reduction this year has been only 36 million pounds as compared with 145 million a year ago.

Two major factors contributed to the inventory buildup—imports were up and consumer demand slackened. During January-May imports of fresh and frozen seafood products were about 13 percent (85 million pounds) above a year earlier. Production has remained about the same as last year and, in the short run at least, cannot be substantially expanded. Therefore, the influx of imports was a response to the surge in demand for seafood that developed as result of shortened supplies of red meat and poultry in 1973. As meat supplies became more abundant, demand for fishery products slackened.

Poultry.—Per capita consumption of poultry this year is expected to recover slightly less than half of

[1] Information supplied by Market Research and Service Division, National Marine Fisheries Service, U.S. Department of Commerce.

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1971	1972	1973	1974 indications as percentage of 1973
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight)	160.9	178.3	191.8	189.0	175.7	106
Beef	85.1	106.5	113.0	116.1	109.6	105
Veal	6.1	3.8	2.7	2.2	1.8	106
Lamb and mutton	4.8	3.9	3.1	3.3	2.7	85
Pork (excluding lard)	64.9	64.1	73.0	67.4	61.6	107
Fish (edible weight)	10.3	10.6	11.4	12.3	12.6	99
Poultry products:						
Eggs (farm basis)--Number	334	320	314	307	294	97
Chicken (ready-to-cook)	28.0	37.2	41.4	43.0	41.4	101
Turkey (ready-to-cook)	6.1	8.6	8.5	9.1	8.7	108
Dairy products:						
Cheese	8.3	10.1	12.2	13.2	13.7	107
Condensed and evaporated milk	13.7	9.0	6.8	6.4	6.0	93
Fluid milk and cream (milk equivalent)	322	285	259	263	259	96
Ice cream (product weight)	18.3	17.8	17.5	17.4	17.5	101
Fats and Oils--Total, fat content	45.3	49.4	52.1	53.3	54.0	100
Butter (actual weight)	7.5	5.5	5.1	4.9	4.8	90
Margarine (actual weight)	9.4	10.5	11.1	11.3	11.3	104
Lard	7.6	5.4	4.3	3.8	3.5	97
Shortening	12.6	15.9	16.8	16.7	16.3	102
Other edible fats and oils	11.5	15.2	18.0	19.6	21.3	99
Fruits:						
Fresh	93.4	81.0	79.8	77.1	75.6	101
Citrus	33.7	31.6	29.2	27.3	27.5	100
Apples (commercial)	18.3	16.2	16.2	17.4	14.3	106
Other (excluding melons)	41.4	33.2	34.4	32.4	33.8	99
Processed:						
Canned fruit	22.6	22.6	21.9	21.4	21.4	100
Canned juice	13.0	11.7	15.9	15.5	16.3	99
Frozen (including juices)	9.1	10.1	10.2	10.1	11.2	109
Dried	3.1	2.8	2.6	2.1	2.3	113
Vegetables:						
Fresh 2/	105.9	98.2	99.2	98.3	99.8	100
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	51.2	52.2	54.3	100
Frozen, excluding potatoes	7.0	9.0	9.7	10.0	10.7	101
Potatoes, fresh equivalent	108.4	108.0	117.9	117.6	115.3	100
Sweetpotatoes, fresh equivalent	7.1	5.8	4.9	5.1	5.3	102
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.4	7.5	101
Corn sirup	10.1	14.1	16.2	18.7	21.7	106
Corn sugar	3.7	4.6	5.0	4.8	5.2	102
Wheat flour 3/	118	112	110	109	109	101
Wheat cereals	2.8	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.7	7.0	7.0	104
Other:						
Coffee (green beans)	15.8	14.8	13.3	13.9	13.6	98
Tea	.59	.69	.77	.77	.79	101
Cocoa beans	3.6	4.2	4.0	4.4	4.2	93
Peanuts (shelled)	4.9	5.7	5.9	6.2	6.6	105
Dry edible beans	7.3	6.9	5.9	6.4	6.8	101
Melons	25.8	22.3	22.6	21.9	21.8	90
Sugar (refined)	97.6	97.3	102.4	103.0	102.1	100
	Mil.	Mil.	Mil.	Mil.	Mil.	Pct.
Civilian population 4/	178.1	195.2	204.2	206.5	208.1	101

1/ Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August.

2/ Commercial production for sale as fresh produce.

3/ Includes white, whole wheat, and semolina flour.

4/ July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

the 2 pound drop which occurred in 1973. Gains over 1973 will continue through the third quarter, but are expected to be down in the fourth quarter, the season of heaviest use.

Chicken consumption will probably increase only slightly from 1973's 41.4 pounds. Broiler meat output during January-June was up nearly 6 percent, but in the second half of 1974 it will be below a year ago. Broiler producers in recent months have sharply cut back hatchery activity as broiler prices dropped below production and processing costs. Thus all the expected increase in consumption has already taken place in the first half of the year and lower supplies are expected in remaining months, especially in the fourth quarter.

Turkey consumption is expected to reach a new record high this year. Largest gains over a year earlier occurred in the spring and summer months. Turkey meat output during the first half of 1974 was nearly a third larger than a year earlier and marketings likely will continue above last year into September but then decline substantially in the fall in line with a 9 percent drop in May-July poult hatchings and 18 percent fewer eggs in incubators on August 1. Although fall output may lag a year ago, record storage stocks will mean larger turkey supplies for the main (September-December) marketing season. Cold storage stocks of turkey on August 1 totaled 331 million pounds, a record high for this date and about two thirds above the relatively high stocks a year earlier.

Eggs.—Use of eggs is expected to decline about 8 eggs per person from the 294 consumed in 1973, continuing the downtrend of recent years. Egg output during January-June totaled 92.4 million cases, about 1 percent below a year earlier and production will continue below 1973 levels during the balance of the year. Egg-type hatchery figures indicate there will be fewer pullets entering the laying flock during July-December.

Dairy products.—Despite continuing reduction in per capita supplies on a milk equivalent, fat content basis, shifts to increased use of low fat products will allow per capita consumption of dairy products to continue about unchanged in 1974. As in recent years, consumption of cheese, low fat fluid milks, and ice cream is expected to increase, while use of butter, fluid whole milk, and evaporated whole milk will decline.

During January-June commercial disappearance of milk in all dairy products (milk equivalent, fat solids basis) totaled 56.1 billion pounds, down around 1 percent from a year ago due primarily to a 5 percent drop in fluid sales. A 9 percent drop in fluid whole milk sales was the dominant factor, overwhelming the 6-percent rise in lowfat and skim sales. The drop in fluid sales pushed more milk into manufacturing and disappearance of manufactured products was up despite lower cottage cheese consumption.

Fluid milk sales are expected to recover during the last half of this year as consumers react to lower or more stable retail prices. Commercial sales of butter may hold nearly steady this year due to the more favorable price relationship with margarine. Cheese sales continue to expand.

Stocks of dairy products are up sharply from a year ago. On July 1 commercial dairy stocks were equivalent to 7.8 billion pounds of milk, highest on record. Government stocks will remain relatively low as most of this summer's purchases are expected to move directly into the school lunch program.

USDA donations, including the special milk program, will be down a fourth (in terms of milk equivalent, fat content) from the 1973 level, to represent 4½ percent of total civilian consumption. This compares with a 6 percent share last year and 7 percent in the early 1970s. The slowdown (and demise on July 1) of commodity distribution to needy families will impact variously on the several dairy products. In 1973, families received nearly all of the donations of cheese, evaporated milk, infant milk formula and instant fortified milk, a third of dry whole milk donations, and a fifth of butter donations. The half-pound drop in butter consumption and half of the 0.4 pound decline for canned milk expected this year reflects a drop in donations. However, the increase in donations of cheese and nonfat dry milk, primarily to schools, is expected to contribute 0.2 pound to per capita rates for those items.

Fats and oils.—During calendar 1974, per capita consumption of food fats is expected to total about 54 pounds, the same as a year earlier. A sharp drop in butter use, due to reduced USDA donations, and a slight decline in the direct use of lard will be more than offset by expected increases in consumption of margarine and shortening. However, use of lard in margarine and shortening may increase slightly from last year.

Per capita consumption of shelled edible peanuts rose from 6.2 pounds in the 1972/73 marketing year to 6.6 pounds in the year just ended. Use of peanuts in edible products is up about a tenth from a year ago, compared to average annual increases of about 3 percent in recent years. The increase is due to greater use in peanut butter and for salted peanuts; use in candy is down.

Fruit.—Another sharp advance is expected this year for fruit consumption, again largely in processed citrus products.

Though supplies of citrus products remain ample, stocks of canned deciduous fruits on hand at the beginning of the pack season now starting represent the lowest per capita supplies on record. Carryin stocks of 13 major canned items was more than a tenth below last season's reduced level. In contrast, stocks of major frozen fruits and berries on June 30 were more than a tenth larger than a year ago and, with the expectation of increased pack this summer, supplies likely will continue higher throughout the coming year.

The deciduous fruit crop currently is estimated almost the same as last year's utilized crop. Peach

production is expected to be up 11 percent, with nearly all of the increase in clingstones, a canning variety. Pear production is estimated to be down 2 percent, led by a 6 percent drop for West Coast Bartletts. Smaller crops are also forecast for sweet cherries, apricots, and prunes, while larger crops of tart cherries, nectarines and plums are expected. While the grape crop is about the same as last year, California's output is forecast 3 percent below the large 1973 utilized crop. Wine varieties are estimated up 22 percent, table varieties up 12 percent, and raisin varieties down 17 percent. The apple crop is estimated to be 1 percent below last year, with increases in Eastern and Central States failing to offset a 15 percent drop in production, largely used fresh, in the Western States.

Remaining supplies of oranges and grapefruit for fresh marketing this summer are below those a year earlier. Slightly more lemons remained for harvest than a year ago. There has been less citrus used for processing so far this season. Florida's pack of frozen concentrated orange juice was slightly below last year, but stocks on August 1 were more than a tenth above a year earlier. The pack of canned orange products was also less while canned grapefruit items were up moderately.

Foreign demand for U.S. fruit has remained strong so far this year and exports are expected to continue above year earlier levels in remaining months.

Vegetables.—Per capita consumption of vegetables is expected to remain at the 1973 level, with fresh use edging down slightly.

Production of 14 crops of vegetables for fresh use could be 1 percent lower this summer than last. Acreage planted suggests less sweet corn, celery, and tomatoes. Slightly more lettuce and cabbage is possible. In addition to these crops, there will be substantially fewer melons, but probably more onions.

Despite light supplies, consumption of processed vegetables was heavy until recently when supplies of many other foods, including meat, became more plentiful. As a consequence, stocks, especially canned items, have been drawn down to very low levels. Inventories of frozen vegetables were less acute than canned partly because of active winter packing of broccoli, cauliflower, and carrots in California.

Total acreage of major processing vegetables appears to be up 5 percent over 1973. Of the 4 major processing items, only corn appears possibly in danger of shortened supply. Although weather-related damage has occurred in some sections of the country, there is a chance that severely depleted stocks of canned and frozen peas can recover to last year's level. With ideal weather so far, California's 13 percent increase in acreage of tomatoes should produce adequate supplies of tomato products, perhaps abundant amounts for 1 or 2 items. Stocks of canned beans on July 1 were relatively adequate, but with a 5 percent smaller tonnage for canning and freezing combined, supplies could again be on the tight side. Canned corn stocks on July 1, were the smallest since 1967 and tight enough to restrict consumption; stocks of frozen corn were not excessive. Thus, with corn production limited due to weather-related difficulties in Minnesota and Wisconsin (States which produce half the crop), the 6 percent larger acreage for canning and 6 percent less acreage for freezing—in total a 3 percent acreage increase—appears inadequate to replenish supplies to last year's level.

The spring crop of potatoes was a tenth larger than last year and summer output up 14 percent, relieving short inventories. But the fall crop, of primary interest because it is the major source of supply, will not be estimated until October. Planted acreage for this crop, reported in August, was up 6 percent from 1973. Processor demand, especially from dehydrators, will be heavy, with record amounts expected to move into the various processed uses. Larger production of sweetpotatoes, up 7 percent from 1973, will serve to replenish depleted stocks of canned sweets.

Bigger supplies of all important classes of dry edible beans are expected from a substantially increased planted acreage. With above average yields, production is indicated at a record 20.9 million cwt., ample supplies for domestic and export use. A sharply larger crop of dry peas also is expected—about twice the quantity produced last year and half again more than in 1972.

Cereal products.—Record wheat and rice crops expected this year likely will be sufficient to supply domestic and export needs as well as add modestly to stocks. Per capita consumption of rice may continue to creep upward and wheat products likely will hold last year's gain in view of continued high prices for other foods. Though the retail price has increased sharply in recent months, bread remains among the lowest cost sources of protein.

SUPPLY AND UTILIZATION

Net production of U.S. farm commodities (all farm commodities with any direct food use) is expected to be down a little over 2 percent in 1974. The production of livestock food commodities may be up about 3 percent, but output of crop food commodities may be off nearly 6 percent (table 7). This is largely a reflection of adverse weather which has reduced prospective harvests of feed grains and oilseeds. Imports of farm food commodities, which account for about a tenth of the supply, may also be down a little from last year. However, net utilization may nearly match the record level attained in 1973 with the shortfall in new supply almost offset by a further drawdown of stocks. Stock reduction may account for about 3½ percent of utilization in 1974 marking the third consecutive year of stock decline.

Table 7.--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1968-74 1/

Year	Supply: Production	Supply: Imports 2/	Supply: Stocks 3/	Total annual utilization	Utilization: Domestic use: Food: Civilian	Utilization: Domestic use: Food: Military	Utilization: Domestic use: Non-food: Seed and feed	Utilization: Domestic use: Non-food: Other	Utilization: Domestic use: Total	Utilization: Exports and shipments 4/
	A.--All food commodities indexes: (1967=100) 5/									
1968	100.2	111.5	109.1	102.0	102.4	97.9	---	100.3	102.3	100.4
1969	100.6	101.3	116.5	102.5	104.3	83.4	---	100.7	103.8	93.5
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972	104.6	115.1	123.4	110.9	109.4	50.2	---	92.5	107.6	135.1
1973 6/	107.0	116.0	118.5	113.7	106.5	39.8	---	102.1	105.0	178.3
1974 6/	104.7	114.2	112.4	113.2	109.4	33.6	---	101.5	107.6	154.7
	Livestock food commodities (1967=100)									
1968	100.5	109.0	128.8	102.1	102.2	99.8	96.6	101.9	102.0	106.4
1969	101.0	113.8	112.5	102.6	103.1	85.3	100.0	101.9	102.6	104.8
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972	105.9	134.4	102.4	108.0	109.4	49.7	107.3	92.2	107.6	121.1
1973 6/	100.9	145.8	93.1	102.8	104.8	37.4	96.4	77.9	102.6	110.7
1974 6/	103.9	136.8	104.4	105.7	108.4	30.6	91.6	82.5	105.8	102.4
	Crop food commodities (1967=100)									
1968	101.6	112.0	108.1	102.9	103.1	90.8	105.1	99.5	103.6	99.5
1969	103.8	98.3	116.7	105.0	107.2	76.3	110.3	100.2	107.9	91.9
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.5	88.5	111.1	109.2
1972	111.1	110.2	124.4	119.4	109.6	51.9	126.8	92.7	115.4	137.1
1973 6/	119.2	108.6	119.8	127.9	110.3	48.9	121.4	113.7	114.4	187.8
1974 6/	111.6	108.6	112.9	123.7	111.8	45.0	121.5	110.6	115.2	162.0
	B.--All food commodities: Percentage of annual utilization 5/									
1968	91.4	11.3	-2.7	100.0	83.7	1.8	---	2.8	88.3	11.7
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973 6/	87.5	10.5	2.0	100.0	78.1	.7	---	2.5	81.3	18.7
1974 6/	86.1	10.4	3.5	100.0	80.6	.6	---	2.5	83.7	16.3
	Livestock food commodities: Percentage of annual utilization									
1968	96.1	3.5	.4	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	96.0	3.6	.4	100.0	92.3	1.9	2.0	1.4	97.6	2.4
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973 6/	95.7	4.6	-.3	100.0	93.7	.8	1.9	1.1	97.5	2.5
1974 6/	95.9	4.2	-.1	100.0	94.1	.7	1.8	1.1	97.7	2.3
	Crop food commodities: Percentage of annual utilization									
1968	89.2	15.9	-5.1	100.0	44.8	.6	33.7	3.2	82.3	17.7
1969	89.4	13.6	-3.0	100.0	45.5	.5	34.7	3.2	83.9	16.1
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972	84.1	13.5	2.4	100.0	40.9	.3	35.1	2.6	78.9	21.1
1973 6/	84.3	12.4	3.3	100.0	38.4	.3	31.4	3.0	73.1	26.9
1974 6/	81.5	12.8	5.7	100.0	40.3	.2	32.5	3.0	76.0	24.0

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Table 8.--Supply and utilization of agricultural food commodities: Percentage of total utilization in 1967, selected years 1960-74 1/

Year	Supply			Total annual utilization	Utilization				
					Domestic use				
					Food		Nonfood 4/	Total	Exports 2/
	Production	Imports 2/	Stock withdrawal 3/		Civilian	Military			
	Section A. All agricultural food commodities 5/								
1960	79.2	9.2	-2.8	85.6	73.2	1.2	2.6	77.0	8.6
1965	87.4	9.4	-.5	96.3	79.6	1.6	2.8	84.0	12.3
1967	93.1	10.3	-3.4	100.0	83.4	1.9	2.8	88.1	11.9
1970	91.5	10.9	3.3	105.7	88.3	1.3	2.5	92.1	13.6
1971	100.5	11.4	-4.2	107.7	90.6	1.2	2.5	94.3	13.4
1972	97.3	11.9	1.7	110.9	91.3	.9	2.6	94.8	16.1
1973	99.5	11.9	2.3	113.7	88.8	.8	2.8	92.4	21.3
1974 I/	97.5	11.8	3.9	113.2	91.2	.7	2.8	94.7	18.5
	Section B. Agricultural commodities used primarily for food 6/								
1960	78.6	10.0	-1.3	87.3	77.8	1.3	1.8	80.9	6.4
1965	84.8	10.3	1.0	96.1	84.3	1.8	2.0	88.1	8.0
1967	90.4	11.2	-1.6	100.0	88.6	2.0	1.9	92.5	7.5
1970	92.1	11.8	.6	104.5	93.4	1.4	1.7	96.5	8.0
1971	95.5	12.4	-1.1	106.8	96.0	1.3	1.6	98.9	7.9
1972	93.9	12.9	1.5	108.3	96.4	1.0	1.7	99.1	9.2
1973	93.5	13.0	2.6	109.1	93.7	.8	1.9	96.4	12.7
1974 I/	96.6	12.8	-1.1	108.3	96.1	.7	1.9	98.7	9.6
	Livestock food commodities								
1960	84.2	1.9	-.1	86.0	80.8	1.5	1.5	83.8	2.2
1965	92.2	2.4	.5	95.1	88.6	2.1	1.5	92.2	2.9
1967	97.5	3.3	-.8	100.0	93.8	2.4	1.4	97.6	2.4
1970	100.9	4.2	-.3	104.8	99.1	1.7	1.4	102.2	2.6
1971	103.8	3.9	.1	107.8	102.0	1.5	1.3	104.8	3.0
1972	103.2	4.5	.3	108.0	102.5	1.2	1.4	105.1	2.9
1973	98.4	4.9	-.3	103.0	98.3	.9	1.2	100.4	2.6
1974 I/	101.5	4.6	-.1	106.0	101.6	.7	1.2	103.5	2.5
	Crop commodities used primarily for food								
1960	67.0	26.9	-3.8	90.1	71.6	.9	2.5	75.0	15.1
1965	69.6	26.6	1.9	98.1	75.4	1.3	2.9	79.6	18.5
1967	75.8	27.4	-3.2	100.0	77.8	1.2	2.8	81.8	18.2
1970	73.9	27.5	2.5	103.9	81.8	.7	2.2	84.7	19.2
1971	78.5	30.0	-3.7	104.8	84.0	.8	2.1	86.9	17.9
1972	74.9	30.2	3.9	109.0	83.7	.6	2.3	86.6	22.4
1973	83.4	29.9	8.5	121.8	84.4	.6	3.4	88.4	33.4
1974 I/	86.4	29.8	-3.2	113.0	84.7	.5	3.3	88.5	24.5

1/ Quantities weighted by 1957-59 average farm prices. Domestic use allocated on basis of value of processed products. Quantities used domestically for feed and seed are omitted from both supply and utilization categories.

2/ Includes trade with U.S. Territories.

3/ Negatives indicate stock buildup during the year. Includes farm (other than live animals), commercial, and Government program holdings.

4/ Excludes domestic feed and seed use. See footnote 1.

5/ Essentially all commodities having any food use in the United States.

6/ Excluded from the total (presented in Section A) are all grains except wheat and rice and all major oilseeds except peanuts. With these exclusions, 3 percent of domestic food use is removed from consideration (2 percent in oilseeds and 1 percent in grains).

I/ Preliminary.

Civilian food use of farm food commodities in 1974 is expected to increase nearly 3 percent from last year's reduced level and match the record high established in 1972. Exports will likely remain high by historical standards although they may be down about 13 percent from the 1973 record.

The S-U index, shown in table 7, measures quantity changes in the various categories of supply and use of all farm commodities having a food use in the United States. This, by definition, includes some commodities which are used primarily for animal feed—the feed grains and major oilseeds.

In table 8 the S-U index for all agricultural food commodities is presented in a different format, along with a newly devised index which omits commodities primarily used for nonfood use. Commodities omitted are all grains except wheat and rice, and all major oilseeds except peanuts. In omitting these commodities 3 percent of domestic food use (2 percent in oils and 1 percent in grains) is lost from consideration. The method of presentation expresses each supply and use component as a percentage of total utilization in 1967 so that elements may be compared within a particular year as well as over time.

The adjusted index series indicates a tighter food situation for 1973 and a more improved situation for 1974 than the original index. When commodities used primarily for nonfood purposes are omitted, production showed a slight decline in 1973 (rather than a 2 percent increase); the carryin stocks of primarily food commodities were lower and drawdown during the year was steeper than is indicated for "food and feed" commodities.

For 1974 production of "primarily food" commodities is expected to increase about 3 percent and civilian food use is expected to be nearly record high. But with exports down sharply from the record amounts of 1973, stocks of foodstuffs are expected to accumulate during the year. However, less than half of last year's drop in inventories will be recovered. The drawdown in stocks during 1973 was in crops. Though it is important that stocks of every category of crop foods except fruit, coffee and tea declined during 1973, the bulk of the drop was in wheat. The expected small increase for wheat inventory accounts for half the gain in stock accumulation expected this year but most other crops used primarily for food also likely will be in a somewhat better carryout position.

Should this year's crop outturn be less severely curtailed than now seems likely and exports decline further than expected, domestic food use of agricultural commodities could increase another 1 percent in addition to the 3 percent rise over 1973 which is currently expected. The reduction in "food and feed" stocks during 1974 could be cut to less than 3 percent and the carryout of "primarily food" commodities at the end of the year could be a tenth above the low level a year earlier, a third more accumulation than now expected.

Conversely, if output is smaller and foreign demand stronger than expected, domestic food use of agricultural commodities might increase only 1 percent this year, a third as much as now expected. Stocks of "food and feed" commodities would be drawn down half again more than now anticipated, and the rise in inventories of "primarily food" commodities might be only half as much as is currently expected.

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

SUGAR

Despite record prices, per capita consumption of sugar seems to be holding near last year's 102 pound level (refined basis). Refined sugar deliveries during the first 7 months of this year ran slightly ahead of year-earlier deliveries. For 1974, deliveries appear likely to approximate last year's 11.6-million ton level (raw value). The current U.S. situation can be categorized a tight market. Adequate supplies of sugar are available but at very high prices.

Sugar prices reach records

The U.S. price (New York spot) averaged nearly $23.00 per hundredweight in the second quarter of this year, up from $15.94 in the first quarter and more than double the $10.00 posted in the second quarter of 1973 (table 9, figure 11). The July price averaged $28.35 while the August price was even higher, averaging $32.00. The current U.S. sugar prices exceed the previous peak set in 1920.

World sugar prices have also set new records though not quite reaching the peak U.S. level. When sugar prices are high the world price tends to be above the U.S. price, but June, July, and August were exceptions.

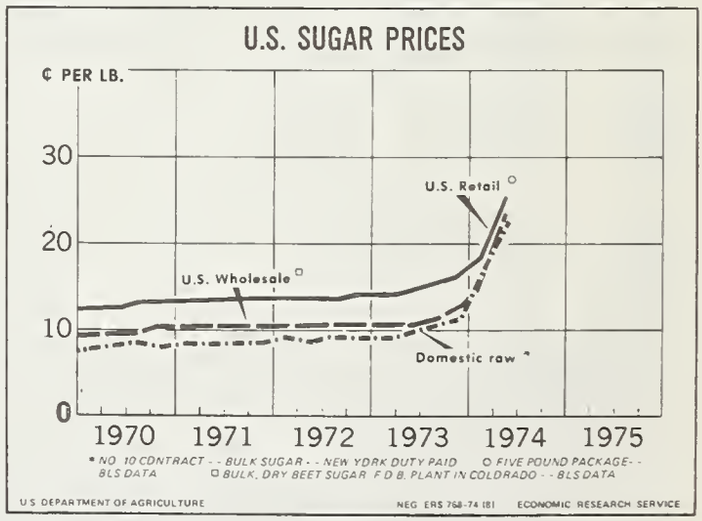

Figure 11

Table 9.--U.S. sweeteners and beverages: Selected prices, 1973 and 1974

Commodity	1973					1974	
	Year	I	II	III	IV	I	II
	Cents per pound 1/						
Sugar							
Raw:							
New York, duty paid	10.29	9.32	9.99	10.66	11.20	15.94	22.93
World, f.o.b. Caribbean	9.61	9.12	9.50	9.30	10.51	19.29	23.03
Quota premium 2/	-.70	-1.08	-.84	-.05	-.81	-4.91	-1.80
Refined:							
Wholesale							
Northeast, cane 3/	14.07	13.09	13.60	14.45	15.14	18.35	27.48
Chicago-West, beet 3/	12.38	11.62	11.86	12.30	13.76	17.54	26.35
Pacific Coast, beet 3/	12.38	11.53	11.96	12.40	13.61	18.68	26.67
Bulk, dry beet, f.o.b. plant	11.40	10.77	10.94	11.30	12.57	15.69	23.40
Retail, U.S.: 5-pound package	15.10	14.23	14.62	15.12	16.42	18.51	25.38
Corn sweeteners							
Wholesale, Chicago:							
Corn sirup, (dry basis)	7.06	5.04	6.14	8.19	8.88	8.92	9.93
Cocoa and chocolate							
Wholesale, New York:							
Cocoa beans, "Accra"	64.4	40.0	61.2	82.9	73.4	75.7	109.1
Cocoa butter	140.2	91.5	141.6	181.9	145.9	152.9	220.0
Retail, U.S.:							
Chocolate bar (1-oz.) 4/	7.0	6.7	6.9	7.1	7.1	8.4	9.8
Chocolate sirup (16-oz. container) 4/	26.6	25.4	26.1	26.3	28.5	31.9	34.5
Coffee							
Wholesale, green, New York:							
Colombian, Manizales	73.2	71.7	72.8	75.2	73.2	77.3	82.8
Mexican washed	62.5	63.3	60.8	62.1	63.9	71.3	72.7
Brazilian, Santos No. 4	67.6	61.5	65.7	70.8	72.4	72.7	75.3
Robusta, Ambriz No. BB	49.7	48.8	48.6	47.9	53.3	59.8	64.5
Retail, U.S.:							
Roasted, can	104.0	97.9	103.0	106.6	108.4	113.0	120.1
Instant soluble (6-oz. jar) 4/	116.0	111.9	115.7	117.7	118.8	123.4	134.8
Tea							
Wholesale, black, New York	48.2	47.8	48.6	48.5	48.1	52.6	63.2
Retail, package of 48 tea bags 4/	66.1	65.5	66.0	66.2	66.9	68.2	69.8
Soft drinks							
Retail:							
Cola drinks (6 12-oz. bottles) 4/	86.1	84.6	85.9	86.0	88.0	92.1	101.9
Carbonated fruit drink (6 12-oz. bottles) 4/	75.5	74.3	75.2	75.5	77.2	79.7	87.0

1/ Except as noted. 2/ Difference between New York and world prices, adjusted to exclude duty and computed freight from Greater Caribbean ports (including Brazil), insurance and unloading charges. 3/ Basis price, 100 lb. paper bags, carload lots. 4/ Cents per specified unit.

Source: Sugar prices (except bulk, dry beet, f.o.b. plant and U.S. average retail--BLS data) from Sugar Reports; wholesale cocoa and cocoa butter prices from Journal of Commerce; all other data from Bureau of Labor Statistics.

In response to higher raw sugar prices, wholesale and retail prices of refined sugar have also increased sharply. In all delivery areas, refined sugar is now over 32 cents per pound wholesale. Wholesale prices rose so rapidly during the second quarter of 1974 that the reported retail price was less than the wholesale price in June and July. Retail prices will continue to rise for some time to adjust to the current high wholesale prices. Higher sugar prices are also an important factor in explaining higher prices of sugar-containing foods and beverages.

Sugar price outlook for rest of 1974

U.S. raw sugar prices appear likely to remain high for some time, though they may decline some from the current level of over 30 cents per pound. Based on available world sugar supplies, both the U.S. raw price and the world price currently seem high. Trade sources suggest that speculation has played some part in keeping raw sugar prices at current levels.

World production up again

World sugar production for 1974/75 is estimated at a record 92.3 million short tons (raw value)—up over 3 percent from 1973/74. Prospective output appears up in many of the major producing countries, including Brazil, France, South Africa, the Philippines and Australia. Moreover, output in Cuba and the Soviet Union also has a chance of increasing.

If these estimates are realized, 1974/75 world production will exceed world consumption by about 2.5 million tons. Production outran consumption by nearly 2 million tons in 1973/74.

At the beginning of the 1973/74 crop year, world sugar stocks totaled 17.3 million tons, or about 19 percent of the 1973/74 crop. World stocks had increased by 1.9 million tons at the end of the 1973/74 crop year and are expected to increase an additional 2.5 million tons by the end of the 1974/75 crop year.

Carryin stocks, although only 19 percent of the 1973/74 crop, were 21 percent of the prospective 1974/75 crop. As the size of carryin stocks and supplies increase, there will be less upward pressure on sugar prices.

U.S. beet crop down—cane up

U.S. sugar production this year will probably decline from last year's 5.9 million tons (raw value) despite production gains in some parts of the country. The total area of 750,000 acres of sugarcane for harvest is up 1 percent. Prospective production (as of August 1) is 26.7 million tons, nearly 4 percent above last year's level. Increases are likely in Louisiana and Texas because of higher yields due to favorable weather, but prospective production is less in Florida because of lower yields. Hawaiian production is expected to decline because of smaller acreage.

Beet sugar production is likely to decline some this year. Acreage for harvest of 1.2 million acres is down nearly 2 percent from last year's level, reflecting substantial declines in Idaho, Washington and California. Nearly offsetting these declines, however was a sharp jump in acreage in the Red River Valley (Minnesota-North Dakota). Prospective beet production of 22.5 million tons (as of August 1) is down 8 percent from last year's crop. Yields are indicated to be off 6 percent from a year ago.

U.S. imports rise

Imports of sugar totaled 2.94 million tons (raw value) during January-June 1974, up 16 percent from a year earlier, with higher imports coming from the Republic of China, Colombia, Central America, Dominican Republic, Peru, Philippines, and West Indies. Countries whose shipments to the United States fell behind the first half of last year include Australia, Brazil, Ecuador, India, Mexico, Mauritius, and South Africa.

Inshipments from Hawaii to the U.S. mainland totaled 370,000 tons during the first six months, down from 590,000 tons a year earlier. The sharp decline is partly due to lower production because of the strike of the International Longshoremen's and Warehousemen's Union, which closed the Hawaiian sugar plantations from March 9 through April 16. Imports and inshipments, plus shipments from mainland raw cane sugar mills to refiners, totaled 3.70 million tons during January-June, up 4 percent from the year-earlier level.

Historically, the value of sugar imports has been second only to the leading agricultural product, green coffee. But based on the current high sugar price, the value of sugar imports this year may possibly top the value of green coffee imports.

House rejects Sugar Bill

On June 5, the House of Representatives rejected the proposed Sugar Act (H.R. 14747) by a vote of 209 to 175. The present act is scheduled to terminate December 31, 1974. Current high sugar prices, among other factors, help to explain the defeat of the bill. Comment from Capitol Hill suggests it is unlikely that any major sugar legislation will be enacted by Congress until sugar prices decline much from current high levels.

Maple sirup supplies up

U.S. maple sirup production totaled 1.08 million gallons this year, up a fourth from the short 1973 crop. New York's production of 326,000 gallons was up sharply from last year's output to account for 30 percent of U.S. output. Sharp increases also occurred in Ohio, Pennsylvania, and Michigan. Vermont's 323,000 gallons, the same as in 1973, also accounted for 30 percent of U.S. output.

Imports of maple sugar and maple sirup are running about 11 percent behind last year's level (based on January-June data). Imports of maple

sugar and sirup combined should total about 1,070,000 gallons this year (pure maple sirup basis). Thus, maple sirup supplies this year will probably total about 2.15 million gallons (pure maple sirup basis), more than a tenth above last year's supplies.

Confectionery sales mixed—total up, per capita down

Manufacturers' shipments of confectionery totaled 3.81 billion pounds in 1973, fractionally higher than a year earlier. The value of the 1973 shipments totaled over $2 billion, a record high. Per capita consumption of 18.7 pounds was down a tenth of a pound continuing a downtrend that began in 1969. The downtrend reflects, among other things, a declining share of children in the population. In 1973, higher retail prices—which reflected higher ingredient costs, particularly cocoa and sugar—also dampened consumption.

The outlook for this year is more of the same. Substantially higher retail prices commensurate with higher ingredient costs will likely result in a further decline in consumption.

Confectionery shipments, sales, average price, and consumption, 1960 and 1967-73

Year	Manufacturers'[1]			Per capita consumption[2]
	Shipments	Sales	Average value per pound	
	Billion dollars	*Billion dollars*	*Cents*	*Pounds*
1960	3.00	1.21	40.1	16.9
1967	3.77	1.64	43.7	19.6
1968	3.91	1.76	44.9	20.3
1969	3.97	1.87	47.1	20.2
1970	3.94	1.91	48.5	19.9
1971	3.87	1.97	51.0	19.3
1972	3.79	1.98	52.1	18.8
1973	3.81	2.14	56.2	18.7

[1] Includes data for manufacturer-wholesalers, chocolate manufacturers, and manufacturer-retailers, except single shop operations. [2] Production plus imports minus exports divided by population, July 1.

Source: *Confectionary Manufacturers' Sales and Distribution*, 1973, Domestic and International Business Administration, U.S. Dept. of Commerce, Washington, D.C., June 1974, p. 12.

Another increase in soft drink consumption

The beverage industry uses about 23 percent of annual sugar deliveries and it is second only to household use of consumer-size packages as a market for sugar. Per capita soft drink consumption totaled nearly 27 gallons last year or 1.5 gallons more than in 1972. A hotter than normal summer in the Northeast, in most of the Midwest and in California helped push per capita consumption up. About 9 percent of consumption in 1973 consisted of low calorie soft drinks, about the same share as in 1972.

Soft drink prices have increased sharply in recent months. For example, a 6 pack of 12 oz. bottles of cola averaged $1.02 in the second quarter this year, up 10 cents from the first quarter and up 16 cents from the second quarter of 1973.

Retail prices of soft drinks appear likely to increase further in the third and fourth quarters of this year, in large part reflecting higher sugar prices.

Soft drinks: Production, sales, average value, and consumption, 1960 and 1967-73

Year	Manufacturers'			Per capita consumption
	Production	Sales	Average value per case[1]	
	Billion cases[1]	*Billion dollars*	*Dollars*	*8-ounce units* / *Gallons*
1960	1.48	1.70	1.15	192 / 12.0
1967	2.47	3.46	1.40	298 / 18.6
1968	2.78	4.17	1.50	332 / 20.7
1969	2.91	4.37	1.50	345 / 21.5
1970	3.10	4.80	1.55	363 / 22.7
1971	3.35	5.35	1.59	388 / 24.3
1972	3.54	5.68	1.60	406 / 25.4
1973	3.77	6.22	1.65	430 / 26.9

[1] Includes fountain sirup; equivalent cases of 24 8-oz. containers.

Source: *1973 Sales of the Soft Drink Industry*, National Soft Drink Association, Washington, D.C. p.16.

COFFEE

Per capita consumption this year is expected to fall slightly from last year's 13.6 pounds (green bean equivalent, or GBE) to about 13.3 pounds, continuing the downtrend which began in 1962.

January-June roastings of 1.30 billion pounds (GBE) were down nearly 3 percent from the first half of 1973. Roastings for all of 1974 are expected to fall short of last year's 2.58 billion pounds.

Imports likely to decline

Despite heavy imports in the January-June period, total annual coffee imports in 1974 will probably total less than the 2.98 billion pounds imported in 1973. Coffee imports for July-December are expected to take a downturn, as existing high inventories are worked off. Imports of green coffee this year will probably fall short of last year's net imports of 2.77 billion pounds. Instant coffee imports are likely to be up while roasted imports will probably decline.

1974/75 coffee crop up a fourth

The 1974/75 world coffee crop (October/September) is expected to total about 80

Coffee imports (green bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Green coffee	2,866	2,746	2,883	2,750
Minus reexports ...	-39	-49	-120	-125
Net imports	2,827	2,697	2,763	2,625
Roasted coffee	25	36	42	25
Instant coffee	90	141	172	181
Total imports ...	2,942	2,874	2,977	2,831

[1] Forecast based on first 6 months of 1974 plus last half of 1973.

Source: Bureau of Census.

million bags (132.3 pounds each). This is a fourth larger than last year's crop. Coffee production in Brazil, the world's largest producer, is expected to reach 27 million bags, nearly double last year's low output. Trees in Brazil have recovered well from the frost damage in 1972. Production is also expected to increase in Central America, Mexico, Ecuador, Ethiopia, Ivory Coast, Angola, Kenya, Uganda and India. Colombia is expected to harvest a record crop of 9.5 million bags.

Prospective exportable production (total harvested production less estimated domestic consumption in producing countries) will probably total about 60.5 million bags in 1974/75—up more than a third from the 1973/74 level. World exports are expected to total about 57 million to 58 million bags, about 3 million bags less than available supplies. Thus, world stock levels would be about 3 million tons higher at the beginning of the 1975/76 crop year than at present.

Other International Developments

There is considerable concern about prices in the world coffee market. The International Coffee Agreement continues in effect until September 30, 1975, but there are no economic provisions (such as trigger prices and quota allotments). A working group attempting to negotiate a new agreement held meetings in May and August and has scheduled another for September 16-27.

The major fear among producing countries is that the large 1974/75 crop will further depress green coffee prices. Producing countries are attempting to restrict coffee exports to keep prices from declining. For example, Ivory Coast, Angola, Peru, Mexico, Costa Rica, El Salvador, Guatemala, and Honduras temporarily withdrew from selling coffee to the world market, which continues in effect as of September 1.

Representatives of "Cafe Mondial"—the four major producing countries of Brazil, Colombia, Ivory Coast and Portugal—have announced they will intervene in the coffee market in New York and purchase other milds type coffee (produced in Mexico and Central America) in order to bolster prices. The coffee would be purchased from a fund established by the producing countries.

It remains to be seen whether producing countries will be able to prevent any large sag in coffee prices. Current ample stocks in importing countries and a substantial increase in exportable production for 1974/75 suggest that green coffee prices are likely to decline. However, if exporting countries are able to restrict exports sufficiently, green coffee prices may not decline much. The New York futures market for Santos No. 4 suggests coffee prices may remain near current levels for at least several months.

Coffee prices holding up

In the second quarter of 1974 green coffee prices averaged slightly higher than in the first quarter and remained considerably above the year-earlier levels (table 9). Increases varied from over 5 cents a pound for Colombia Manizales to over 1 cent a pound for Mexican washed. Prices in July trend downward from the second quarter level.

Retail coffee prices continue to advance, reflecting higher green prices. In the second quarter of 1974, roasted coffee averaged $1.20 per can, nearing the record $1.23 set in July and August 1954. The July retail price rose further to a record $1.25, and the August wholesale price of roasted coffee declined 3 cents per pound. Retail instant coffee prices continue to set records, averaging $1.35 per 6-oz. jar in April-June, and topping $1.41 in July.

TEA

Tea imports this year likely will total nearly 175 million pounds. First half imports were 96 million pounds, up 9 percent from a year earlier. Tea imports in 1973 totaled 173 million pounds up sharply from 153 million pounds in 1972. Per capita consumption is expected to increase fractionally to total 0.80 pound (dry leaf basis) this year. Six-packs of tea beverage in 12-oz. cans are becoming more popular and increased sales of instant and instant tea mixes may help explain rising imports and per capita consumption.

Moreover, tea continues to be a relative bargain in the supermarket. While wholesale tea prices began to move up sharply in the second quarter, the retail price averaged only 70 cents for a package of 48 tea bags, up only 4 cents from the same quarter a year ago, and substantially less than the relative price increases for most food products.

COCOA AND CHOCOLATE

Per capita consumption of cocoa this year is expected to total about 3.9 pounds (bean equivalent) down from 4.2 pounds in 1973. Domestic grindings were down sharply in the first and second quarters. Grindings for the year probably will not total more

than 550 million pounds, down substantially from 614 million pounds in 1973.

Imports to decline again

Combined imports of cocoa beans and cocoa and chocolate products this year will likely fall well short of the 815 million pounds (bean equivalent) imported last year. Cocoa bean imports for the first half 1974 were over 11 percent below the year-earlier level. Tight supplies, high prices and lower consumption may result in some further reductions in imports during the balance of the year.

Imports of semiprocessed cocoa and chocolate, and consumer products also seem likely to fall short of the 258 million pounds and 22 million pounds (bean equivalent) respectively, posted in 1973. When cocoa supplies are tight and prices are high, imports of products containing cocoa and chocolate tend to vary much less than imports of cocoa beans.

Imports of cocoa beans and cocoa products (bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Cocoa beans	707	632	555	510
Minus reexports	-11	-8	-20	-45
Net imports	696	624	535	465
Semiprocessed[2]				
Unsweetened chocolate	8	12	19	28
Cocoa butter	46	62	45	40
Unsweetened cocoa	129	190	189	182
Other products	4	6	5	4
Total	187	270	258	254
Consumer products[2]	21	22	22	19
Total imports	904	916	815	738

[1] Forecast based on first 6 months of 1974 plus last half of 1973. [2] Reexports of semiprocessed and consumer products are relatively insignificant.

Source: Bureau of Census.

World supply continues to be tight

The 1973/74 world cocoa bean crop (October/September) was only marginally higher than the previous year's harvest of 3.06 million pounds. Based on January-June data, world grindings will be declining again this year but will still be above production, resulting in further stock drawdown.

It is too early to estimate the 1974/75 crop. However, reports from Africa indicate that rainfall has been more adequate than a year ago and a larger harvest is anticipated. Conversely, Brazilian production is expected to be lower, partly offsetting expanded supplies from Africa.

Cocoa prices up

Cocoa averaged $1.09 per pound in the second quarter this year (New York spot—"Accra") up from 76 cents in the first quarter and from 61 cents in the second quarter a year ago (table 9). Changes in cocoa butter and cocoa powder prices have paralleled those for cocoa which peaked in May and have since receded. Record prices in May for cocoa beans averaged $1.14 per pound and $2.38 per pound for cocoa butter.

Retail prices of cocoa and chocolate products are also increasing. The increases reflect not only high cocoa prices but also sharply higher prices for other ingredients, particularly sugar.

The U.S. average retail price of a 1-oz. chocolate bar was 9.8 cents in the second quarter of this year, up from 8.4 cents in the first quarter and 6.9 cents in the second quarter of 1973. The retail price of a 1-pint can of chocolate-flavored sirup, 34.5 cents in the second quarter, has also increased.

Table 10.--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products					Processed foods and feeds											
				Meats													
	Eggs	Fresh and dried fruits and vegetables 2/	Total 3/	Beef and veal	Pork	Total	Poultry	Fish	Dairy	Processed fruits and vegetables 2/	Vegetable oil end products	Cereal and bakery products	Sugar and confectionery	Beverages 4/	Total 5/	All food 6/	Industrial commodities 7/	All commodities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1968	111.4	106.6	102.5	104.2	98.5	102.2	105.8	108.1	104.8	106.5	98.1	100.9	102.8	102.8	102.2	103.4	102.5	102.5
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
January	158.2	151.2	144.2	145.5	145.4	143.1	135.4	174.5	123.8	125.3	119.7	121.0	121.5	119.8	132.4	132.0	120.0	124.5
February	130.1	146.9	150.9	158.5	150.6	152.4	142.5	172.0	124.0	125.9	122.2	120.8	124.4	120.0	137.0	133.9	121.3	126.9
March	152.6	158.5	160.9	168.2	156.8	163.5	169.4	174.7	126.8	126.2	127.0	121.3	125.7	120.8	141.4	140.4	122.8	129.8
April	144.9	176.0	160.6	167.5	143.8	158.7	184.7	176.6	127.2	126.6	125.6	123.7	126.9	121.4	139.8	141.6	124.2	130.5
May	137.1	186.0	170.4	166.1	147.3	158.4	177.6	180.3	126.5	127.2	131.6	124.3	129.0	121.9	145.0	142.6	125.3	133.2
June	159.4	197.5	182.3	169.5	150.8	161.9	180.1	173.6	127.5	127.9	137.4	125.9	131.0	121.4	151.8	146.0	126.0	136.0
July	155.2	187.8	173.3	171.6	160.3	165.8	184.1	186.6	127.1	127.7	137.2	125.5	131.1	121.1	146.5	146.7	126.1	134.3
August	209.6	162.2	213.3	171.6	207.7	192.1	248.5	193.6	131.3	129.3	161.6	136.2	135.7	121.2	166.2	160.2	126.7	142.1
September	191.5	149.0	200.4	181.9	175.6	181.6	215.1	203.6	137.2	130.0	160.1	147.7	136.9	121.6	156.3	156.4	127.4	139.7
October	177.7	162.1	188.4	158.5	162.3	163.7	184.8	208.9	139.6	135.0	167.6	150.5	139.8	123.0	153.1	154.1	128.5	138.7
November	181.2	168.2	184.0	150.9	162.8	159.7	155.3	222.3	139.9	136.3	164.8	156.2	143.8	123.8	151.9	153.4	130.1	139.2
December	190.6	171.6	187.2	153.1	163.1	160.3	148.8	223.1	142.3	137.8	168.7	160.1	142.0	124.4	155.7	156.0	132.2	141.8
1974																		
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
	Seasonally adjusted 8/																	
1973																		
January	140.4	148.2	144.6	147.2	142.9	144.3	139.7	169.4	123.8	125.3	120.3	---	121.7	---	132.4	131.7	---	---
February	133.4	143.9	148.7	153.0	144.3	147.1	139.7	168.5	124.2	126.0	122.7	---	124.5	---	135.9	133.0	---	---
March	146.9	155.7	158.1	163.4	162.5	163.5	162.5	172.9	126.3	126.7	126.6	---	125.4	---	140.4	139.2	---	---
April	156.8	171.7	160.9	163.8	152.1	159.4	188.6	176.4	126.8	126.6	125.6	---	127.0	---	140.4	142.0	---	---
May	160.7	173.8	168.4	162.3	151.2	157.7	177.7	183.6	126.5	126.9	132.8	---	129.0	---	144.7	142.7	---	---
June	174.6	179.2	177.7	164.4	148.1	157.6	177.0	176.0	127.8	127.5	138.1	---	130.7	---	151.2	145.3	---	---
July	167.2	183.0	169.7	166.6	148.7	158.7	166.0	188.5	127.2	127.6	136.9	---	130.4	---	144.6	145.0	---	---
August	216.8	171.1	213.1	170.9	200.2	188.5	243.1	196.6	131.8	129.2	161.1	---	134.8	---	165.5	159.3	---	---
September	171.9	168.9	201.6	185.5	173.3	181.6	203.3	206.0	137.8	130.9	159.1	---	136.8	---	156.0	155.6	---	---
October	186.3	176.6	193.6	167.9	162.8	168.6	190.8	213.5	139.5	135.4	166.1	---	140.4	---	155.3	156.9	---	---
November	175.8	169.7	191.3	161.5	173.5	169.7	164.9	218.4	139.8	135.6	163.3	---	144.5	---	154.2	155.7	---	---
December	162.2	175.3	190.6	157.4	168.4	166.0	170.3	221.0	141.7	137.5	170.2	---	142.4	---	157.0	157.5	---	---
1974																		
January	175.5	180.9	203.2	185.6	169.0	179.2	151.5	208.8	145.1	139.3	178.1	---	152.1	---	162.1	163.6	---	---
February	191.6	210.1	202.6	169.4	165.9	168.5	172.7	218.4	147.9	140.8	193.6	---	167.3	---	163.4	169.3	---	---
March	161.5	206.9	193.5	158.4	160.8	160.4	158.0	209.7	150.6	141.8	205.5	---	189.8	---	161.9	167.3	---	---
April	174.6	228.5	186.6	152.6	151.6	152.5	146.8	222.0	153.8	142.8	191.8	---	190.9	---	159.7	167.4	---	---
May	147.7	221.3	178.7	152.3	138.8	146.9	151.1	210.6	146.9	144.9	212.7	---	215.8	---	158.6	167.9	---	---
June	136.6	185.5	165.6	136.4	123.2	132.1	135.7	201.1	143.2	147.9	211.7	---	240.2	---	156.8	168.6	---	---
July	142.2	182.2	177.3	161.4	158.9	158.0	135.2	207.7	141.8	157.5	218.1	---	245.5	---	165.4	170.7	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

Bureau of Labor Statistics.

Table 11--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home																		
	Meats								Fruits and vegetables									Consumer Price Index, less food	Consumer Price Index 5/
	Beef and veal	Pork	Total 2/	Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fresh	Processed	Total	Cereal and bakery products	Sugar and sweets	Beverages	Total	Food away from home	All food		
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1968	104.1	100.2	102.3	103.1	101.6	107.8	103.3	97.7	109.4	105.6	107.9	100.4	103.4	101.9	103.2	105.2	103.6	104.4	104.2
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
January	142.9	135.0	137.7	116.1	149.2	151.6	119.1	114.6	135.5	123.1	130.5	116.3	121.7	123.9	127.2	134.2	128.6	127.4	127.7
February	152.3	142.2	145.2	120.7	151.3	141.2	121.0	114.7	139.8	123.7	133.3	117.8	122.8	125.6	130.1	134.7	131.1	127.9	128.6
March	160.2	149.8	153.0	150.7	152.8	136.2	121.5	115.3	145.1	124.5	136.8	119.0	124.0	126.4	134.2	135.7	134.5	128.4	129.8
April	162.9	150.7	156.1	150.1	156.1	138.8	121.8	117.9	152.6	125.7	141.8	120.2	125.3	127.2	136.4	137.0	136.5	129.1	130.7
May	162.7	150.0	155.9	150.4	160.2	138.7	123.2	119.9	156.9	126.3	144.6	122.1	126.3	129.5	137.6	138.9	137.9	129.7	131.5
June	163.5	151.4	156.7	150.8	163.7	146.6	124.1	122.4	168.2	127.2	151.7	123.0	127.6	131.4	139.9	139.8	139.8	130.3	132.4
July	164.3	153.4	157.8	154.6	163.8	151.3	124.1	122.8	171.3	127.6	153.7	123.5	127.9	131.7	140.9	140.9	140.9	130.4	132.7
August	175.4	197.0	180.0	225.4	165.2	198.4	126.6	125.0	168.4	129.1	152.6	124.7	128.8	131.9	151.3	142.4	149.4	130.9	135.1
September	177.0	191.3	180.8	185.9	167.1	188.4	130.3	135.7	141.3	131.2	137.3	132.4	129.6	132.1	149.2	145.1	148.3	131.8	135.5
October	170.6	177.2	172.7	157.7	170.8	179.2	137.3	149.8	141.6	134.7	138.8	139.0	131.2	133.2	148.7	147.7	148.4	133.1	136.6
November	167.7	172.2	169.2	149.7	175.8	169.1	141.2	154.6	145.1	141.6	143.7	145.8	135.6	134.2	150.1	149.7	150.0	134.0	137.6
December	165.7	170.1	167.6	145.9	178.1	182.7	144.9	155.9	144.0	147.2	145.3	148.5	138.4	135.4	151.5	150.7	151.3	134.7	138.5
1974																			
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	157.4	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	163.2	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	175.8	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	185.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.7	144.0
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	186.5	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.5	145.6
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	188.3	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	143.3	147.1
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	186.9	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.7	148.3
	Seasonally adjusted																		
1973	145.5	137.3	140.1	118.2	149.6	136.1	119.0	---	138.7	123.0	132.6	116.9	122.1	124.3	128.0	134.3	129.2	127.6	127.9
January	151.8	142.9	145.9	122.4	151.1	135.6	120.6	---	142.7	123.7	134.9	117.7	123.0	125.6	130.4	135.0	131.4	128.2	128.8
February	158.6	147.0	151.2	149.5	152.5	135.1	121.3	---	145.4	124.6	136.9	118.9	123.8	126.4	133.7	136.1	134.2	128.5	129.9
March	160.3	150.9	154.9	147.9	155.5	142.9	121.8	---	149.5	125.4	139.8	120.0	124.9	127.1	136.0	137.1	136.1	129.1	130.7
April	162.1	152.9	156.7	149.7	159.7	149.0	123.2	---	151.2	126.6	141.3	122.0	125.8	129.2	137.5	138.9	137.8	129.6	131.4
May	163.0	153.1	156.5	148.6	163.4	165.5	124.2	---	156.2	127.6	145.0	123.2	127.5	131.3	139.5	139.9	139.5	130.2	132.3
June	161.6	151.3	155.8	150.2	164.0	160.6	124.1	---	159.2	128.0	147.2	123.5	127.9	131.4	139.5	141.0	139.9	130.5	132.5
July	172.0	192.2	177.0	221.9	165.9	202.2	126.7	---	162.9	129.2	149.6	124.6	128.8	131.8	150.1	142.3	148.4	131.2	135.0
August	176.1	187.5	179.0	183.0	167.4	177.4	130.6	---	145.8	130.9	139.7	132.3	129.6	132.4	148.8	144.8	148.0	131.9	135.5
September	171.6	174.9	172.2	157.2	171.1	174.8	137.4	---	151.3	134.6	144.9	139.0	131.3	133.2	149.7	147.3	149.1	132.8	136.6
October	171.3	173.9	171.4	154.5	176.2	172.4	141.3	---	152.9	141.3	148.3	146.1	136.0	134.3	151.6	149.3	151.2	133.7	137.7
November	171.2	175.0	171.9	152.5	178.1	172.5	145.0	---	152.4	147.1	149.6	148.8	138.7	135.8	152.4	150.5	151.9	134.5	138.5
December																			
1974																			
January	171.7	176.5	172.8	159.9	180.9	171.5	146.2	---	152.0	151.3	152.1	150.0	140.7	137.7	155.2	151.8	154.5	135.7	140.0
February	180.8	174.9	177.2	156.9	182.4	186.5	148.9	---	157.7	158.0	157.8	154.2	149.8	139.1	159.3	152.9	157.9	137.1	141.7
March	176.6	165.8	171.0	150.8	184.8	174.4	151.2	---	162.6	163.0	162.7	158.4	161.7	142.0	160.0	154.2	158.8	138.5	143.2
April	167.3	158.4	163.5	144.8	186.2	165.2	153.7	---	156.3	167.7	160.7	161.1	169.1	145.6	158.9	155.8	158.1	139.7	144.0
May	165.1	151.7	159.5	138.0	186.5	143.1	154.6	---	175.1	171.9	173.7	164.1	175.2	149.0	160.2	157.1	159.5	141.4	145.5
June	163.4	142.8	154.6	133.8	186.7	144.9	154.9	---	176.7	172.8	175.0	165.6	183.9	153.6	160.4	158.8	160.0	143.2	146.9
July	158.3	143.9	152.0	132.4	188.4	135.7	151.6	---	170.0	173.1	171.2	166.7	195.1	157.8	159.0	160.6	159.4	144.8	148.0

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. After December 1963 computed by Economic Research Service using data for items additional to those in the CPI. 5/ Seasonally adjusted series derived by ERS.

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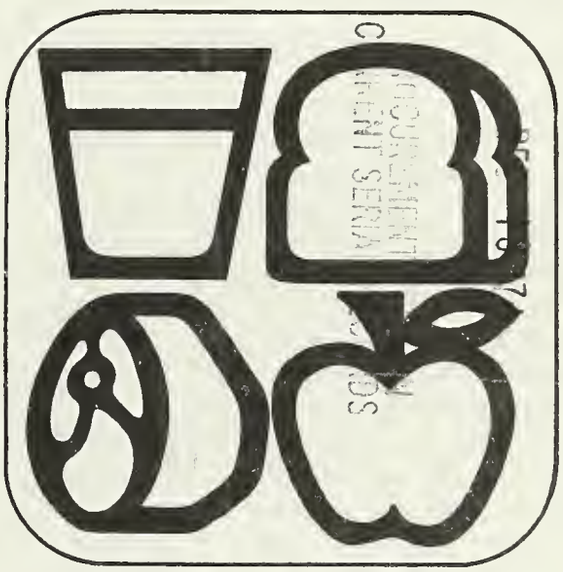
NATIONAL FOOD Situation



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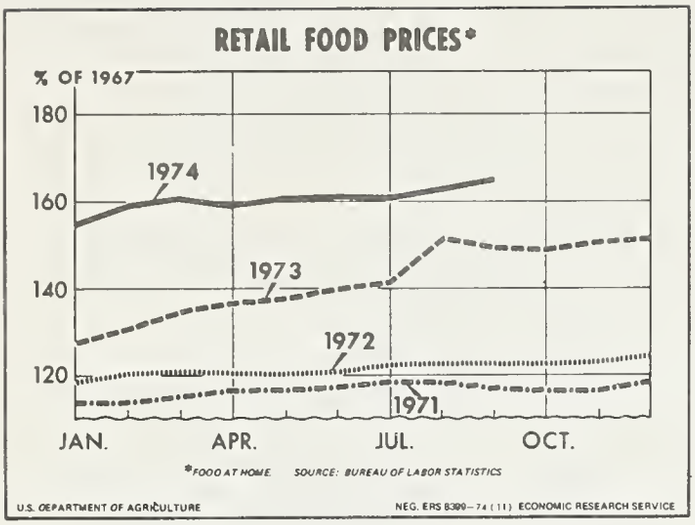

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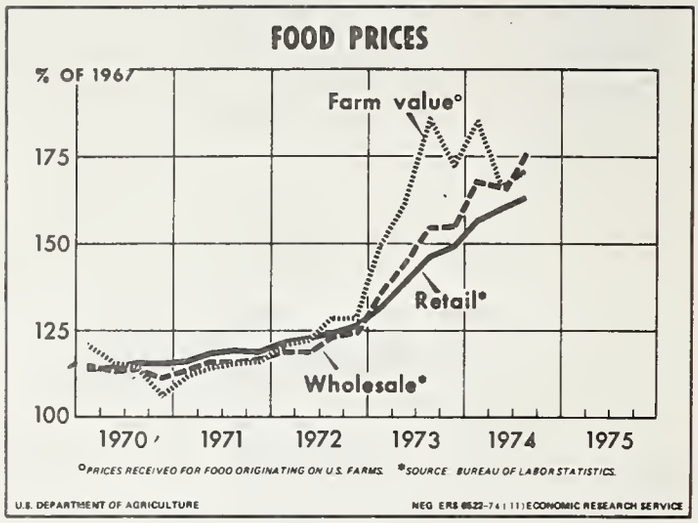

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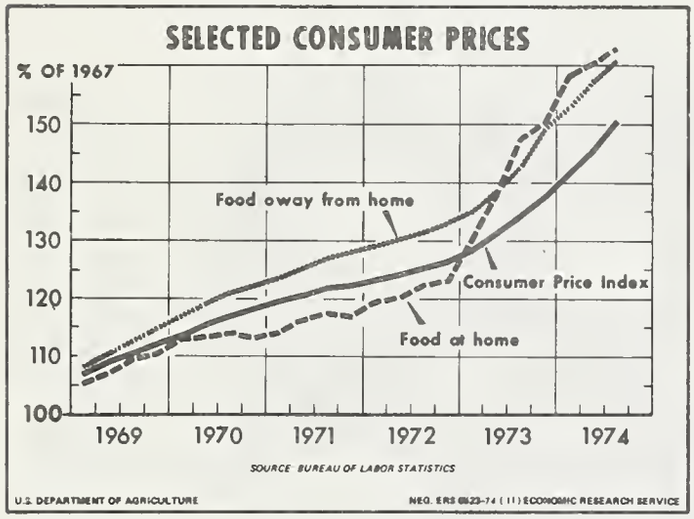

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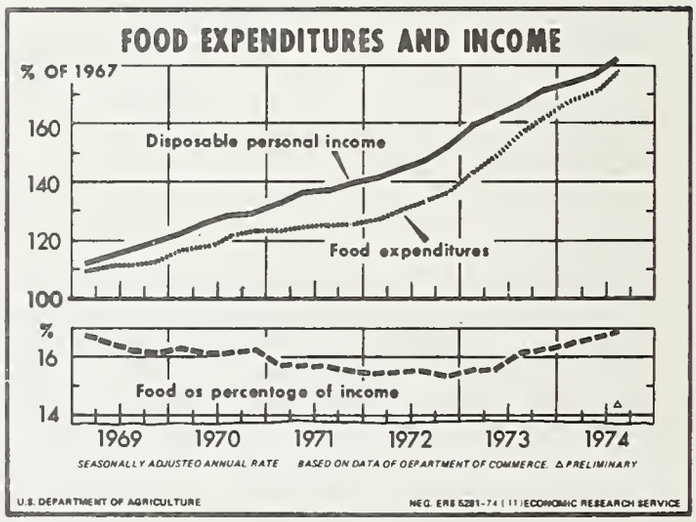

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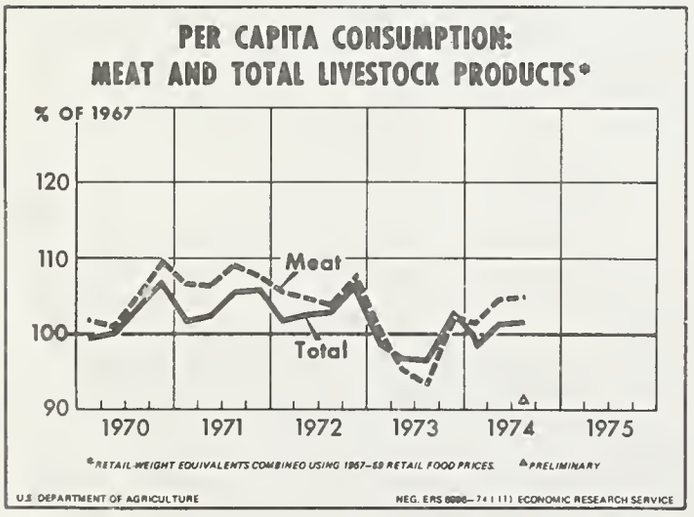

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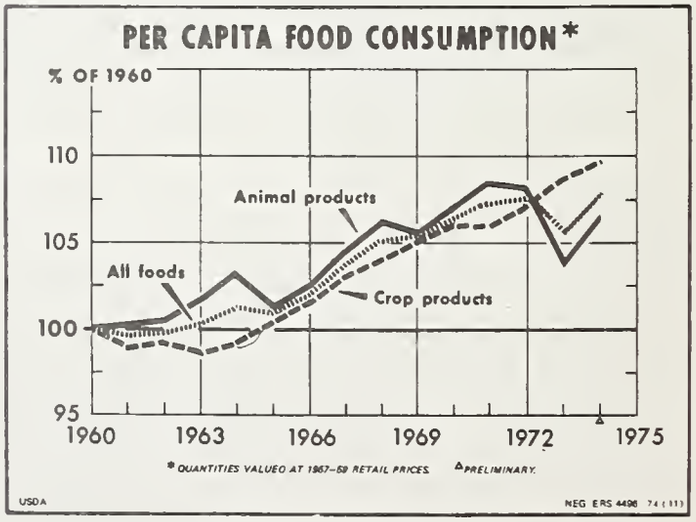

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NATIONAL FOOD SITUATION

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Approved by
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November 8, 1974

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SUMMARY

Retail food prices advanced during the late summer months following a period of relatively stable average prices during the spring and early summer. However, the rate of increase is expected to slow during the remaining months of 1974. Retail meat prices may decline moderately during the fourth quarter. Beef supplies are record large; compared with other recent years, a smaller proportion is grain fattened. Pork supplies have also increased and turkey is plentiful. Somewhat offsetting are smaller supplies and higher prices for broilers and eggs as producers cut back output in response to high feed prices.

On the crop side, domestic supplies of rice, potatoes, oranges, and dried beans and peas are up sharply from last year. Offsetting, however, are continued tight supplies and higher prices for many processed vegetable items, vegetable oil products, sugar and sweets, coffee and cocoa. Cereal and bakery prices will be pushed by rising prices of several basic ingredients.

Retail food prices for all of 1974 are expected to average 14 to 15 percent above 1973. This compares with the average 1973 increase of 14½ percent over 1972. However, the rate of increase relative to a year earlier declined throughout the first three quarters of 1974. Prices in the first quarter were nearly a fifth above the same quarter of 1973. Second quarter prices averaged 15½ percent over a year earlier, and those in the third quarter were up about 11½ percent from last year. Retail prices in the fourth quarter are also expected to be about 11½ percent above the last quarter of 1973.

The first half of 1975 may find food prices rising on a fairly broad front. Although consumer demand may be moderated by a slowdown in economic activity, recent and prospective increases in farm prices for both crop and livestock related foods are likely to surface at retail. This largely reflects the adverse impact of inclement weather over much of the Nation this summer and fall.

Retail beef prices are expected to be down a little from the first quarter of 1974, but above fall levels due to continued low output of grain fed beef and seasonally reduced marketings of cows and nonfed steers and heifers compared to the levels expected late this year. A major drop in pork output is likely to result in an even sharper increase in pork prices. Poultry and egg prices

will be higher reflecting lower output as production and marketing costs for most producers continue to exceed market prices. Higher inventories of fish will tend to hold down price increases, but higher prices of meats and poultry will be an offsetting factor. Dairy product prices will also be higher as output declines from a year earlier in response to high feed prices. Among crop related foods, fresh fruit prices appear likely to remain near fall levels, reflecting an expected large citrus crop. Retail vegetable prices will likely rise seasonally, although potato prices will probably remain well below a year ago, in light of the larger storage crop harvested this fall. Processed fruit and vegetable prices will probably continue to increase due to higher marketing costs and tight supplies of some processed vegetables. Higher raw sugar prices will be reflected in higher prices for sugar products and beverages. More moderate price increases appear likely for cereal and bakery products, and fats and oils.

The Consumer Price Index for food in the third quarter averaged 2 percent above the second quarter. Meanwhile, for all items less food, including both commodities and services, the index averaged about 3½ percent above the second quarter. Part of this summer's food price increase reflected a 3 percent advance for food away from home prices as grocery store food prices rose 1.7 percent for the quarter.

Most of the third quarter increase in grocery store food prices was due to the 3½ percent rise in crop related food prices. Sugar and sweets, beverages, and fats and oils accounted for most of the increase. The retail price index for crop related foods averaged 27 percent above the third quarter a year ago.

For livestock-related foods, retail prices, which usually increase in the summer, remained essentially unchanged following a 5½ percent drop in the spring quarter. Red meat prices rose slightly more than usual and poultry and fish were also higher. Dairy product prices dropped. The retail price index for livestock-related food products average 1½ percent below the third quarter of 1973.

Personal consumption expenditures for food rose $6.5 billion during the third quarter of 1974, reaching $167.3 billion (seasonally adjusted annual rate). Food eaten at home accounted for most of this increase, rising $6.2 billion or 4.8 percent to $133.3 billion. Expenditures for food eaten away from home rose just under 1 percent. The increase in food expenditures during the quarter resulted in a rise in the share of personal disposable income allocated to food to 16.9 percent, from 16.6 percent in the second quarter. The share in 1973's third quarter was 16.2 percent.

Per capita consumption of all food in 1974 will be almost 2 percent above 1973, the largest annual rise since 1959. Sharp recovery in red meat and poultry consumption from reduced 1973 levels is mainly responsible. Drops of 2 percent in per capita consumption of animal products other than meat and poultry and in use of coffee and chocolate are about offsetting consumption gains for fruits, vegetables, potatoes, dry beans and peas, cereal products, sweeteners, and vegetable oils.

Net utilization of farm food commodities (all commodities with any direct food use) for 1974 is estimated to about match the quantity used last year. A 13½ percent drop in exports is balanced by a 3 percent increase in domestic use. On the supply side, declines of about 2½ percent for production and 3 percent in imports offset a 12 percent drop in stocks during the year. By year end, stock levels are expected to be the lowest since 1958. The production of agricultural commodities used primarily for food has been higher in 1974, with production of both livestock and crop foods up 4 percent. Imports will be down 3 percent, largely accounted for by reductions for beef products, and exports off nearly 14 percent. Domestic food use of commodities used primarily for food in 1974 is up about 3½ percent from a year earlier.

OUTLOOK CONFERENCE SCHEDULED FOR DECEMBER 9-12, 1974

"U.S. Agriculture in the World Economy" is the theme for the 1975 National Outlook Conference to be held December 9-12 at the U.S. Department of Agriculture in Washington, D.C.

The conference will feature presentations and panel discussions. Particular attention will be given to the outlook for agriculture and the general economy in 1975, with special emphasis on supply and demand for food in the world and in the United States. Sessions on the 1975 outlook for major commodities, foreign trade, and rural family living will make up an important part of the conference as usual.

FOOD PRICES

Summer Food Prices Average Higher

The Consumer Price Index for food in the third quarter averaged 2 percent above the second quarter (table 1). Part of this summer's increase reflected a 3 percent advance for food away from home prices as grocery store food prices rose 1.7 percent for the quarter. The Consumer Price Index for all items less food, including both commodities and services, averaged about 3½ percent above the second quarter. Both food and nonfood prices in third quarter of 1974 averaged about 11½ percent above the third quarter of 1973.

Changes in retail food prices, third quarter, 1974

Item	From second quarter 1974	From third quarter 1973
	Percent	*Percent*
Meat	1.1	-6.8
Poultry	.7	-25.0
Fish	.6	13.7
Dairy products	-1.9	19.0
Eggs	3.3	-19.0
Fats and oils	7.1	56.6
Fruits and vegetables	-2.7	14.9
Sugar and sweets	15.3	58.0
Cereal and bakery products	2.9	32.7
Beverages	8.8	23.4
Other preparations	9.1	26.9
Food at home	1.7	10.8
Food away from home	3.0	13.3
All food	2.1	11.4

The quarterly increase in food at home prices was due to higher farm prices. The marketing margin remained essentially unchanged.

The summer quarter's increase in grocery store food prices began with a 1½ percent increase in August following a small decline in July. In September, the index rose another 1½ percent as all major categories of food except fresh produce increased. On the supply side, the higher retail prices during the quarter were a reflection of lower production and higher prices for several crop commodities induced by unfavorable weather, sharply higher sugar prices due to a tight world supply-demand situation, and seasonally lower red meat output during the summer. On the demand side, economic activity continued to decline as the unemployment rate rose sharply and real disposable income fell for the fourth consecutive quarter.

Almost all of the third quarter increase in grocery store food prices was due to the 3½ percent rise in crop related food prices. Sugar and sweets, beverages, and fats and oils accounted for most of the increase. The crop retail food price index averaged about 27 percent above the third quarter a year ago.

Average retail prices for livestock related foods, which usually increase in the summer, remained essentially unchanged, following a 5½ percent drop in the spring quarter. Red meat prices rose slightly more than usual and poultry and fish were also higher. Dairy product prices dropped. The retail price index for all livestock related food products average 1½ percent below the third quarter of 1973.

Commodity Review

Beef.—The Consumer Price Index for beef rose about ½ percent between the second and third quarters (table 15), a normal increase for this time of the year, but still averaged 3 percent below the third quarter of 1973. Beef supplies increased about 2 percent from the second to the third quarter, and retail prices fell steadily from February highs through spring and early summer. Retail beef prices, however, advanced sharply in August and increased further in September, reflecting less fed beef because of producers' response to rapidly rising feed prices.

During October-December, retail beef prices are expected to trend lower as total beef production rises from summer and year-earlier levels to a new record high. Smaller supplies of higher grade beef will be more than offset by much larger supplies of lower grade beef, as in the summer. Prices of premium cuts of beef may not decline as much as lower grade cuts during the fall months.

Pork.—Retail pork prices rose about 5 percent between the spring and summer quarters, but were still 14 percent below the third quarter of 1973 reflecting a 16 percent increase in production during July to September from the unusually low year-earlier levels. Summer pork production, however, dropped seasonally from the spring and retail prices rebounded from June lows. With pork production rising seasonally in the fall, retail prices are expected to hold steady at levels well below a year earlier.

Fish.—Retail fish prices in the third quarter averaged fractionally above the second quarter, and nearly 14 percent above the third quarter of 1973. Seafoods have been unusually plentiful throughout much of 1974 owing to heavy imports and stable domestic landings. Wholesale prices have weakened. The outlook for fishery products generally is for ample supplies to keep down price increases through the remainder of the year.

Poultry.—Retail poultry prices averaged less than 1 percent above the second quarter, and a fourth lower than the third quarter of 1973 as broiler production ran well above year-earlier levels. However, broiler production is declining now as high production costs have caused profit margins generally to be negative in recent months.

Table 1.--Consumer, wholesale, and farm price indexes, 1973-74
(1967=100)

Item	1973			1974			
	III	IV	Year	I	II	III	
						Index	Percent change from 1973 III
Retail prices: 1/							
All goods and services (CPI)	134.4	137.6	133.1	141.4	145.6	150.1	11.7
All items less food	131.0	133.9	130.7	136.9	141.5	146.4	11.8
All food	146.2	149.9	141.4	156.8	159.5	162.8	11.4
Food at home	147.1	150.1	141.4	158.0	160.2	163.0	10.8
Food away from home	142.8	149.4	141.4	152.6	157.1	161.8	13.3
Wholesale prices: 1/							
All commodities	138.7	139.9	134.7	149.2	154.5	165.4	19.2
Industrial commodities	126.7	130.3	125.9	138.6	150.2	160.8	26.9
Farm products	195.7	186.5	176.3	201.7	178.5	184.2	-5.9
Processed food	152.4	152.4	144.4	163.9	161.9	177.2	16.3
All food 2/	154.4	154.5	146.9	167.7	166.0	175.9	13.9
Prices received by farmers 3/	191	183	172	198	174	178	-6.8
Crops	180	185	164	215	202	210	16.7
Livestock and products	199	183	179	187	156	156	-21.6
Market basket of U.S. farm foods: 4/							
Retail cost	148.4	151.3	142.3	159.2	160.2	162.0	9.2
Farm-retail spread	124.6	137.7	126.6	142.2	156.0	155.7	25.0
Farm value	186.0	172.7	167.0	186.0	166.7	171.9	-7.6

1/ Department of Labor, Bureau of Labor Statistics.

2/ All food includes all processed foods plus eggs and fresh and dried fruits and vegetables from the farm products group.

3/ Statistical Reporting Service.

4/ Economic Research Service

Eggs —Retail egg prices averaged 3 percent above the second quarter, far less than the usual summer increase, and about a fifth below the third quarter of 1973. Although output during the first nine months of 1974 was below a year earlier, demand was also weak. Retail prices are expected to rise this fall as output drops further below year-earlier levels and we enter the usual peak demand period for eggs.

Dairy.—Dairy products prices fell 2 percent between the spring and summer quarters, but were still almost a fifth more than the third quarter of 1973. Milk, cheese, and butter prices fell slightly this summer. However, farm milk prices are now rising seasonally following larger than normal declines this spring and summer. Retail prices will likely be rising during the rest of 1974, but the increases probably will not match those occurring during late 1973.

Fruits and vegetables.—Product prices in this category fell 3 percent from the second quarter, but were still about 15 percent above the third quarter a year ago. Fresh potato prices dropped 29 percent from the highs of the second quarter, reflecting larger production. Fresh vegetable prices dropped 7 percent (seasonally adjusted), while fresh fruit rose about 2 percent (seasonally adjusted). Processed fruit and vegetable prices advanced 3 percent from the second quarter reflecting continued tight supplies and higher raw product and marketing costs.

Fresh fruit prices appear likely to decline seasonally in the fall quarter but will be well above a year ago. Fresh vegetable prices are expected to increase from this summer and year-earlier levels reflecting lower production. But potato prices have weakened in the face of the larger crop harvested this fall, although processor demand is expected to be strong. Dry bean and pea prices are also expected to fall as supplies are sharply larger than a year ago. Prices of frozen and canned fruits and vegetables will probably continue to rise as processors pass sharply higher raw product and other costs through to consumers.

Cereal and bakery products.—Retail prices for cereal and bakery products showed a 3 percent gain from the second quarter and averaged almost a third above a year ago. Retail prices are expected to remain firm to higher for the remainder of the year.

Sugar and sweets.—Retail sugar and sweets prices advanced 15 percent from the spring to the summer quarter of 1974, reflecting a tight world demand-supply situation. Further increases are expected for the remainder of the year as high raw sugar prices are reflected at retail.

Other foods.—Higher coffee and sugar-related soft drink prices contributed to the 9 percent third quarter increase in beverage prices, with expectations for a further rise. Fats and oils prices averaged 7 percent above the second quarter and are expected to remain strong for the rest of the year.

Wholesale Food Prices Rise

The Wholesale Price Index (WPI) for all foods rose 6 percent from the second to the third quarter, following a 1 percent drop in the previous quarter (table 14). The WPI for industrial commodities was 7 percent above the second quarter.

The all foods index in the third quarter averaged nearly 14 percent above the third quarter of 1973. Industrial wholesale prices were 27 percent higher.

Most of the quarterly increase for all foods took place in July. By September, wholesale price increases moderated, with price declines for red meats largely offsetting increases for sugar and eggs.

The sharpest quarterly increases were for sugar and confectionery products, processed fruits and vegetables, and pork. Average prices for fresh fruits and vegetables, dairy products, and fish were down.

Food Price Outlook

Retail food prices advanced during the late summer months following a period of relatively stable average prices during the spring and early summer. However, the rate of increase is expected to slow during the remaining months of 1974. Retail meat prices may decline moderately during the fourth quarter. Beef supplies are record large; compared with other recent years, a smaller proportion is grain fattened. Pork supplies have also increased and turkey is plentiful. Somewhat offsetting are smaller supplies and higher prices for broilers and eggs as producers cut back output in response to high feed prices.

On the crop side, domestic supplies of rice, potatoes, oranges, and dried beans and peas are up sharply from last year. Offsetting, however, are continued tight supplies and higher prices for many processed vegetable items, vegetable oil products, sugar and sweets, coffee and cocoa. Cereal and bakery prices will be pushed by rising prices of several basic ingredients.

Retail food prices for all of 1974 are expected to average 14 to 15 percent above 1973. This compares with the average 1973 increase of 14½ percent over 1972. However, the rate of increase relative to a year earlier declined throughout the first three quarters of 1974. Prices in the first quarter were nearly a fifth above the same quarter of 1973. Second quarter prices averaged 15½ percent over a year earlier, and those in the third quarter were up about 11½ percent from last year. Retail prices in the fourth quarter are also expected to be about 11½ percent above the last quarter of 1973.

The first half of 1975 may find food prices rising on a fairly broad front. Although consumer demand may be moderated by a slowdown in economic activity, recen and prospective increases in farm prices for both crop and livestock related foods are likely to surface at retail. This largely reflects the adverse impact of inclement weather over much of the Nation this summer and fall.

Retail beef prices are expected to be down a little from the first quarter of 1974, but above fall levels due to continued low output of grain fed beef and seasonally reduced marketings of cows and nonfed steers and heifers compared to the levels expected late this year. A major drop in pork output is likely to result in an even sharper increase in pork prices. Poultry and egg prices will be higher reflecting lower output as production and marketing costs for most producers continue to exceed market prices. Higher inventories of fish will tend to hold down price increases, but higher prices of meats and poultry will be an offsetting factor. Dairy product prices will also be higher as output declines from a year earlier in response to high feed prices.

Among crop related foods, fresh fruit prices appear likely to remain near fall levels, reflecting an expected large citrus crop. Retail vegetable prices will likely rise seasonally, although potato prices will probably remain well below a year ago, in light of the larger storage crop harvested this fall. Processed fruit and vegetable prices will probably continue to increase due to higher marketing costs, and tight supplies of some processed vegetables. Higher raw sugar prices will be reflected in higher prices for sugar products and beverages. More moderate price increases appear likely for cereal and bakery products, and fats and oils.

FOOD SPENDING AND INCOME

Personal consumption expenditures for food rose 4.0 percent during the third quarter of 1974 to $167.3 billion from $160.8 billion, seasonally adjusted annual rates.

Food purchased for use at home accounted for most of this increase, rising 4.8 percent to $133.3 billion. Expenditures for food eaten away from home rose just under 1 percent. Compared to a year ago, total personal consumption expenditures for food in the third quarter were up 13.3 percent. Expenditures for food at home rose 14.2 percent over last year's levels; expenditures for food eaten away from home rose 9.7 percent.

Change in food expenditures, third quarter, 1974 (seasonally adjusted)

Item	From second quarter 1974	From third quarter 1973[1]
	Percent	*Percent*
Total food		
Current dollars	4.0	13.3
1958 dollars	2.6	1.2
Food at home		
Current dollars	4.8	14.2
1958 dollars	3.6	2.1
Food away from home		
Current dollars	.9	9.7
1958 dollars	-1.7	-2.6

[1] Preliminary.

When adjusted for price increases, expenditures for food at home rose above 1973 expenditure levels for the first time this year due to a 3.6% increase from the second to the third quarter. Expenditures for food away from home, adjusted for prices, remained below last year's levels for the third consecutive quarter. The increase in at-home spending reversed the recent downtrend in total real food spending resulting in a 1.2 percent increase above last year's levels in the third quarter.

Personal disposable income rose $24.3 billion to $990.8 billion (seasonally adjusted annual rates) in the third quarter of 1974, an increase of 2.5 percent. Total personal outlays rose $31.3 billion to $926.2 billion (seasonally adjusted annual rates). Personal savings declined nearly 10 percent during the quarter.

Durable goods spending remained strong during the third quarter, increasing 5 percent. Nearly all of this increase was due to a 13.5 percent increase in automobile purchases. Nevertheless, automobile sales remain well below last year's level.

Increased food expenditures accounted for over half of the $12.3 billion increase in nondurable goods spending. The 4 percent increase in food expenditures during the quarter resulted in an increase in the percent of personal disposable income allocated to food which now stands at 16.9 percent, up from 16.6 percent in the second quarter and 16.2 percent a year earlier (table 2).

Spending on services increased 3.3% during the quarter reflecting increases in all major types of services.

Some major shifts in the allocation of personal consumption expenditures have occurred during the past year. More of the consumer dollar has been spent for

Quarterly changes in personal expenditures and disposable personal income (Seasonally adjusted)

Item	1973	1974		
	IV	I	II	III[1]
	Pct.	*Pct.*	*Pct.*	*Pct.*
Personal consumption expenditures	0.9	2.0	3.4	3.5
Durable goods	-6.1	-.3	4.5	5.0
Nondurable goods	2.4	3.5	3.1	3.3
Food	3.2	3.4	2.1	4.0
Other	1.8	3.6	3.9	2.7
Services	2.1	1.4	3.2	3.3
Personal disposable income	2.8	1.2	1.7	2.5

[1] Preliminary.

Table 2.--Expenditures for food in relation to disposable income, 1960 and 1965-74 1/

Year	Disposable personal income	Personal consumption expenditures for food 2/					
		For use at home 3/		Away from home 4/		Total	
		Amount	Percentage of income	Amount	Percentage of income	Amount	Percentage of income
	Bil. dol.	Bil. dol.	Pct.	Bil. dol.	Pct.	Bil. dol.	Pct.
1960	350.0	56.8	16.2	13.3	3.8	70.1	20.0
1965	473.2	69.3	14.6	16.5	3.5	85.8	18.1
1966	511.9	73.8	14.4	18.2	3.6	92.0	18.0
1967	546.3	74.5	13.6	19.4	3.6	93.9	17.2
1968	591.0	79.0	13.4	20.7	3.5	99.7	16.9
1969	634.4	82.0	12.9	22.1	3.5	104.1	16.4
1970	691.7	88.1	12.7	24.0	3.5	112.1	16.2
1971	746.4	91.6	12.3	25.2	3.4	116.8	15.7
I	728.6	90.2	12.4	24.7	3.4	114.9	15.8
II	744.1	91.9	12.4	24.8	3.3	116.7	15.7
III	751.3	92.6	12.3	24.9	3.3	117.5	15.6
IV	761.8	91.9	12.1	26.2	3.4	118.1	15.5
1972	802.5	96.3	12.0	27.1	3.4	123.4	15.4
I	774.7	92.9	12.0	26.4	3.4	119.3	15.4
II	790.0	95.4	12.1	26.7	3.4	122.1	15.5
III	807.2	97.3	12.0	27.1	3.4	124.4	15.4
IV	838.1	99.7	11.9	28.2	3.4	127.9	15.3
1973	903.7	112.8	12.5	30.8	3.4	143.6	15.9
I	869.5	105.2	12.1	29.5	3.4	134.7	15.5
II	892.1	109.9	12.3	29.8	3.4	139.7	15.7
III	913.9	116.7	12.8	31.0	3.4	147.7	16.2
IV	939.4	119.6	12.7	32.8	3.5	152.4	16.2
1974							
I	950.6	125.0	13.2	32.5	3.4	157.5	16.6
II	966.5	127.1	13.1	33.7	3.5	160.8	16.6
III 5/	990.8	133.3	13.5	34.0	3.4	167.3	16.9

1/ Quarterly data are seasonally adjusted annual rates. 2/ Based on unpublished data of the Department of Commerce, and the Survey of Current Business and The National Income and Product Accounts of the United States, 1929-65. Omits alcoholic beverages, food donated by Government agencies to schools and needy persons, and non-personal spending for food such as business purchases of meals, food furnished inmates of hospitals and institutions, and food included with transportation tickets and camp fees. 3/ Includes food consumed on farms where produced. 4/ Includes food served to the military and employees of hospitals, prisons, and food service establishments. 5/ Preliminary.

Table 3.--Federal cost of USDA food programs, 1971-74

Year	Food stamps		Food distribution 2/			Child nutrition 4/					Total 6/
	Total issued	Bonus stamps 1/	Needy families	Schools	Other 3/	School lunch	School breakfast	Special food	Special milk	WIC 5/	
1971	3,103	1,699	318	295	42	645	22	34	92	---	3,146
I	738	412	85	110	10	186	7	3	30	---	843
II	774	420	82	35	12	169	15	6	23	---	753
III	777	423	76	42	10	72	2	21	11	---	658
IV	815	443	75	108	10	218	7	4	28	---	892
1972	3,615	1,980	271	280	43	764	28	44	91	---	3,501
I	846	460	76	119	10	252	8	4	30	---	960
II	873	472	72	43	12	195	7	8	22	---	830
III	938	524	65	39	10	91	3	27	12	---	771
IV	960	525	58	79	10	227	10	4	28	---	940
1973	4,052	2,210	218	266	44	951	41	54	65	---	3,850
I	999	546	59	90	11	297	12	5	30	---	1,051
II	992	537	53	51	11	230	9	9	23	---	923
III	1,009	555	59	33	10	109	5	35	1	---	807
IV	1,052	572	47	92	12	315	15	5	11	---	1,069
1974											
I	1,314	792	47	129	10	361	19	9	22	1	1,390
II	1,349	795	37	65	11	277	16	16	17	10	1,244
III 7/	1,487	882	19	42	7	127	8	52	15	14	1,166

1/ Includes Food Certificate Program.
2/ Cost of food delivered to State distribution centers.
3/ Includes supplemental food, institutions, and special food services.
4/ Money donated for local purchase of food. Excludes nonfood assistance.
5/ Special Supplemental Food Program for Women, Infants, and Children begun January 1974.
6/ Excludes those food stamps paid for by the recipient.
7/ Preliminary.

food and fuel while expenditures on automobiles and clothing have declined. Declines in housing services have been offset by increases in household operations services. Little or no changes have occurred in the relative proportions of other major consumer expenditure categories.

Proportion of total consumer expenditures

Item	Third quarter	
	1973	1974[1]
	Percent	*Percent*
Food, excluding alcoholic beverages	18.1	18.6
Nondurables excluding food	24.0	24.5
Clothing and shoes	8.6	8.4
Gas and oil	3.5	4.2
Other	11.9	11.9
Durables	16.2	15.1
Automobiles and parts	7.3	6.3
Other	8.9	8.8
Services	41.7	41.8
Housing	14.4	14.2
Household operation	5.9	6.1
Transportation	2.9	3.0
Other	18.5	18.5

[1] Preliminary.

Family Food Programs

Participation in the food stamp program rose steadily from 13.5 million people in June to 14.3 million in September. This was largely due to a shift from the family food distribution program which declined from 1.4 to 0.7 million in the same period due to the phasing out of the program. Total participation in both food programs combined was down slightly during June and July relative to May. Generally, program activity peaks during the spring months and tapers off during late summer and early fall.

By September 1974 all but a few projects in the 50 States, mainly on Indian reservations, had completed the transition from family food distribution to the food stamp program. The largest impact on participation in the food stamp program due to the discontinuation of the family food distribution program is expected to occur in Puerto Rico during the next several months. Participation can be expected to increase by as many as 1 - 1.5 million persons.

Increasing unemployment can also be expected to result in increased particiapation rates. Participation will not increase in direct proportion to increasing unemployment because of unemployment compensation received and the level of assets (such as savings accounts) held by the newly unemployed. As unemployment reaches 6% of the labor force, approximately 20 to 30 percent of the newly unemployed will likely qualify for participation. The number of people qualifying beyond that will be influenced primarily by the length of time they are unemployed. Participation may increase by 200,000 to 250,000 due to increasing unemployment by the end of the year.

On July 1, 1974, the coupon allotment for a 4-person family was increased to reflect cost of living adjustment in the economy food plan. The allotment was increased 5.6% from $142 to $150. At the same time the maximum income allowable for a four-person family to participate was increased by the same proportion, from $473 to $500 a month after deducting taxes and other exclusions, such as exceptionally high medical and housing costs. As a result of these increases, the average bonus per person (the amount of stamps received free) for all participants increased from $19.37 in June to $20.70 in September (table 3).

PER CAPITA FOOD CONSUMPTION

Though consumption of animal-related foods will lag the record rates of 1971 and 1972 by about 2 percent, total food consumption is indicated at a record level in 1974. Gains for crop-related foods, averaging about 1 percent a year since 1971—reaching 1½ percent in 1973 when supplies of livestock food products were sharply reduced—have, except in 1973, allowed an upward trend in consumption of all food (table 4).

The 1.8 percent jump in per capita consumption of all food this year is the largest annual increase since 1959, another year in which there was recovery from a sharply reduced level. The entire increase can be accounted for by sharp recovery in meat and an increase in poultry consumption from reduced 1973 levels. Consumption changes for other foods are offsetting. Drops of 2 percent in per capita consumption of animal products other than meat and poultry and in use of coffee and chocolate are about equal to consumption gains for fruits, vegetables, potatoes, dry beans and peas, cereal products, sweeteners, and vegetable oils.

Livestock products

Consumption of livestock products is expected to average 2½ percent higher in 1974 than a year ago, with major gains in spring and summer over the sharply reduced levels in that period of 1973 (table 5). Higher consumption of meat all year and of poultry during the first half accounts for the gain. Consumption of other livestock-related foods has been lower than 1973 levels

Table 4.--Per capita food consumption index, 1967-74 1/

Selected years	Meat	Poultry	Fish	Eggs	Dairy products 2/	Fats and oils			Fruits 3/		
						Animal 2/	Vegetable	Total	Fresh	Processed	Total
1967	100	100	100	100	100	100	100	100	100	100	100
1968	103	99	102	99	101	103	104	103	98	97	97
1969	102	103	102	98	100	95	110	105	98	102	100
1970	104	108	109	99	99	90	116	107	101	103	102
1971	107	109	105	97	99	90	113	105	98	106	102
1972	105	113	113	95	100	84	120	107	94	105	100
1973	98	109	116	90	100	80	125	109	93	111	103
1974 4/	104	110	115	89	98	76	126	108	97	112	105

	Vegetables 5/			Potatoes and sweetpotatoes		Cereal products	Sugar and sweeteners	Coffee tea, and cocoa	All food		
	Fresh	Processed	Total	Fresh	Processed				Animal products	Crops 6/	Total
1967	100	100	100	100	100	100	100	100	100.0	100.0	100.0
1968	99	104	100	101	106	101	103	100	101.5	101.1	101.2
1969	99	104	101	94	118	101	104	97	101.2	102.0	101.5
1970	100	104	101	91	121	98	106	94	102.5	103.1	102.8
1971	99	105	101	87	124	99	106	92	103.8	102.8	103.3
1972	99	108	102	89	123	98	108	90	103.6	103.9	103.7
1973	100	113	104	85	126	98	109	96	99.3	105.5	102.1
1974 4/	100	116	105	88	128	99	110	94	101.8	106.4	103.9

1/ Civilian consumption only. Quantities of individual foods are combined in terms of 1957-59 retail prices. Data for earlier years are given in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973. 2/ Includes butter. 3/ Excludes melons and baby food. 4/ Preliminary. 5/ Excludes soup, baby food, dry beans and peas, potatoes, and sweetpotatoes. 6/ Includes melons, dry beans and peas, nuts, soup, and baby food in addition to groups shown separately.

Table 5.--Livestock products: Per capita consumption indexes, quarterly, 1969-74 1/
(1967=100)

Year and quarter	Meat	Poultry	Eggs	Dairy products: Excluding butter	Dairy products: Including butter	Animal fats: including butter	Total livestock products 2/
1969 I	102.9	85.2	99.4	98.2	98.7	100.7	99.3
II	99.5	97.3	97.0	102.8	102.2	88.1	99.7
III	102.7	106.9	96.9	100.6	100.1	95.6	101.9
IV	103.7	123.5	99.1	99.2	99.2	95.2	103.8
1970 I	101.5	91.8	98.9	98.9	98.9	99.4	99.4
II	100.8	102.1	96.5	100.4	99.4	83.7	99.9
III	104.8	113.2	97.2	100.2	99.7	84.3	103.1
IV	109.7	124.5	101.0	98.5	98.6	93.9	106.7
1971 I	106.2	92.8	98.2	99.0	99.0	98.8	101.8
II	106.1	100.7	96.4	100.2	99.3	83.7	102.3
III	109.0	113.0	95.2	100.5	99.5	88.2	105.2
IV	107.6	127.9	98.4	98.7	98.8	91.3	105.8
1972 I	105.4	98.0	98.7	99.7	99.2	89.1	101.9
II	104.8	108.4	93.3	101.0	100.0	79.8	102.3
III	103.7	115.7	92.9	100.6	99.7	82.4	102.5
IV	107.5	131.7	94.3	100.2	99.7	85.6	106.1
1973 3/ I	100.9	95.6	91.6	100.4	99.9	85.2	99.0
II	95.3	102.5	91.0	101.0	100.0	77.2	96.8
III	93.3	110.6	88.2	100.6	99.6	79.1	96.4
IV	102.2	127.6	91.3	100.4	99.5	78.5	102.8
1974 3/ I	101.5	100.6	89.8	99.0	97.7	73.7	98.8
II	104.6	110.1	87.1	98.8	97.5	74.0	101.2
III	104.9	109.5	86.7	99.4	98.0	75.9	101.4
IV	106.7	122.1	91.6	98.4	97.6	81.7	103.9

1/ Civilian consumption only. Quantities of individual foods, measured in pounds equivalent to the form sold by retail food stores, combined in terms of average 1957-59 retail prices. Data since 1955 are in the 1972 Supplement to Food Consumption, Prices, and Expenditures, Agricultural Economics Report No. 138, December 1973.

2/ Excludes fish and honey.

3/ Preliminary.

so far this year. In the fourth quarter egg consumption may be fractionally above and use of animal fat may exceed the levels a year ago.

A nearly 2½ percent jump from the first to the second quarter, followed by failure to rise a normal 1½ percent in the third, reflects a fluctuating supply situation relative to the usual pattern of consumption as indicated in the seasonally adjusted index. Meat caused most of the unusual pattern. In the fourth quarter, however, an anticipated 2½ percent rise in consumption of livestock food products is in line with seasonal expectations. Though consumption of eggs may increase more and poultry less than usual, other commodities are expected to reflect the seasonal pattern.

Per capita food consumption indexes, seasonally adjusted

Period		Total livestock	Meat
		1967=100	
1972	I	103.8	105.2
	II	103.4	106.9
	III	102.2	103.6
	IV	103.4	105.7
1973	I	100.8	100.7
	II	97.9	97.2
	III	96.1	93.2
	IV	100.2	100.5
1974	I	100.6	101.3
	II	102.3	106.7
	III	101.1	104.8

Commodity Reviews

Meat.—Per capita red meat consumption this year will exceed last year's 175.7 pounds by around 12 pounds (table 6). The increase will be shared by both beef and pork. Veal consumption is also up sharply, following record low levels last year, as calf slaughter increased sharply in the face of low prices for feeders and short feed supplies. Lamb use will be down.

Red meat consumption through the first half of 1975 may nearly match this year's level, with further strong year-to-year increases in beef and veal slightly more than offset by a drop in pork supplies. Lamb consumption likely will continue its historic decline.

Beef consumption this year will about equal 1972's record of 116 pounds per person. This would be up 7 pounds from last year. All of the increase in consumption will be in cow and non-fed steer and heifer beef.

In the first 6 months of 1975, beef consumption per person is expected to remain high at over 29 pounds per quarter. Again, most if not all of the increase will be from lower grade beef such as cows and steers and heifers slaughtered off grass or with only limited grain feeding.

Pork consumption this year will total over 66 pounds per person, about 5 pounds more than last year. Larger numbers of hogs slaughtered at record heavy weights contributed to the increase. In the first half of next year, pork consumption will drop sharply, about 3 pounds from the first half of 1974, and be about a pound below the 31.4 pounds consumed in the same period of 1973. High feed prices have provided many hog producers who raise their own feed an alternative income that looks more favorable than selling their corn through hogs. Consequently, many have cut back production. An anticipated 7 percent smaller 1974 fall pig crop in the 14 major hog producing States will reduce first half 1975 slaughter supplies.

Veal consumption has been dropping for several years as the dairy herd declined and demand for feeder cattle drew more calves into feedlots. The sharp reversal of the feeding situation in the past year has resulted in much lower feeder calf prices. Consequently, calf slaughter has been larger and more veal has been available for consumption in the second half this year.

A similar situation will continue in 1975 with veal consumption well above the 2.1 pounds that will be consumed this year.

Consumption of lamb and mutton in 1974 will total near 2.4 pounds per person, down from the 2.7 pounds of 1973. Some further reduction will likely continue in 1975.

Fishery products[1].—Seafoods have been unusually plentiful in the United States throughout much of 1974 owing to heavy imports and stable domestic landings. Markets have been sluggish, however, and the industry has been burdened by large cold storage holdings. The resulting lower prices have stimulated movement of products and slowed imports, moderating the heavy supply picture. Inventories of frozen fishery products, for example, registered a net withdrawal of 41 million pounds during the first three quarters of 1974, in contrast to an average increase of 65 million pounds during the same period in the preceding 3 years. Notwithstanding the reduction in cold storage inventories, on October 1 they remained 15 percent above a year earlier and supplies of many products remain plentiful. Some of the more abundant frozen items include fish blocks, sticks and portions, shrimp, crabmeat, and fillets of cod, flounder, ocean perch, and whiting.

The market for some products remains dull, particularly fillets and fish sticks and portions. Consumption of sticks and portions was off 4 percent during the first half of the year and consumption of fish fillets was off 16 percent during January-August compared with comparable periods a year ago. Shrimp holdings have been particularly large and early year movement was especially slow. Sales of shrimp improved, however, during the second quarter and

[1] Information supplied by Market Research and Service Division, National Marine Fisheries Service, U.S. Department of Commerce.

Table 6.--Civilian per capita consumption of major food commodities (primary distribution weight) and civilian population, selected years 1/

Commodity	1960	1967	1972	1973	1974	1974 indications as percentage of 1973
	Lbs.	Lbs.	Lbs.	Lbs.	Lbs.	Pct.
Meats (carcass weight)	160.9	178.3	189.0	175.7	187.5	107
Beef	85.1	106.5	116.1	109.6	116.5	106
Veal	6.1	3.8	2.2	1.8	2.1	117
Lamb and mutton	4.8	3.9	3.3	2.7	2.4	89
Pork (excluding lard)	64.9	64.1	67.4	61.6	66.5	108
Fish (edible weight)	10.3	10.6	12.3	12.6	12.5	99
Poultry products:						
Eggs (farm basis)--Number	334	320	307	294	287	98
Chicken (ready-to-cook)	28.0	37.2	43.0	41.4	41.4	100
Turkey (ready-to-cook)	6.1	8.6	9.1	8.7	9.2	106
Dairy products:						
Cheese	8.3	10.1	13.2	13.7	14.4	105
Condensed and evaporated milk	13.7	9.0	6.4	6.0	5.5	92
Fluid milk and cream (milk equivalent)	322	285	263	259	247	95
Ice cream (product weight)	18.3	17.8	17.4	17.5	17.5	100
Fats and Oils--Total, fat content	45.3	49.4	53.3	54.0	53.9	100
Butter (actual weight)	7.5	5.5	4.9	4.8	4.4	92
Margarine (actual weight)	9.4	10.5	11.3	11.3	11.6	103
Lard	7.6	5.4	3.8	3.5	3.4	97
Shortening	12.6	15.9	16.7	16.3	16.2	99
Other edible fats and oils	11.5	15.2	19.6	21.3	21.5	101
Fruits:						
Fresh	93.4	81.0	77.0	75.4	79.0	105
Citrus	33.7	31.6	27.2	27.3	28.9	106
Apples (commercial)	18.3	16.2	17.4	14.3	15.2	106
Other (excluding melons)	41.4	33.2	32.4	33.8	34.9	103
Processed:						
Canned fruit	22.6	22.6	21.4	21.4	21.3	100
Canned juice	13.0	11.7	15.5	16.3	15.2	93
Frozen (including juices)	9.1	10.1	10.1	11.2	11.9	106
Dried	3.1	2.8	2.1	2.8	2.8	100
Vegetables:						
Fresh 2/	105.9	98.2	98.3	99.9	99.6	100
Canned, excluding potatoes and sweetpotatoes	43.4	49.0	52.2	54.3	55.9	103
Frozen, excluding potatoes	7.0	9.0	10.0	10.7	11.1	104
Potatoes, fresh equivalent	108.4	108.0	119.3	118.8	122.0	103
Sweetpotatoes, fresh equivalent	7.1	5.8	5.1	5.1	5.5	108
Grains:						
Cornmeal and flour	6.6	7.2	7.4	7.5	7.6	101
Corn sirup	10.1	14.1	18.7	21.7	23.0	106
Corn sugar	3.7	4.6	4.8	5.2	5.3	102
Wheat flour 3/	118	112	109	109	110	101
Wheat cereals	2.9	2.9	2.9	2.9	2.9	100
Rice, milled	6.1	7.5	7.0	7.0	7.3	104
Other:						
Coffee (Green beans)	15.8	14.8	13.9	13.6	13.3	98
Tea	.59	.69	.77	.79	.81	103
Cocoa beans	3.6	4.2	4.4	4.2	3.9	93
Peanuts (shelled)	4.9	5.7	6.2	6.7	7.0	104
Dry edible beans	7.3	6.9	6.4	6.8	7.0	103
Melons	25.8	22.3	21.9	21.8	19.5	89
Sugar (refined)	97.6	97.3	103.0	102.1	101.9	100
	Mil.	Mil.	Mil.	Mil.	Mil.	Pct.
Civilian population 4/	178.1	195.2	206.5	208.1	209.7	101

1/ Quantity in pounds, except for eggs. Data on calendar year basis except for dried fruits, which are on pack-year basis, fresh citrus fruits and peanuts on a crop-year basis, and rice on August 1 year. Fresh citrus year begins in previous October and rice year begins in previous August.

2/ Commercial production for sale as fresh produce.

3/ Includes white, whole wheat, and semolina flour.

4/ July 1 civilian population (50 States beginning 1960) used to derive per capita figures except for sugar, dried fruit, peanuts, and rice.

beyond, and consumption increased 7 percent from April to August over the same months a year earlier.

Heavy receipts of both domestic and imported tuna have resulted in an unusually large canned pack this year. Total U.S. tuna pack for January through August is indicated 13 percent above a year earlier. The Alaska canned salmon pack was also up this year—rising 7 percent above 1973. However, the trend has been down in recent years and the 1.2 million standard cases packed in 1974 were only a third of the amount canned in 1970.

Poultry.—Per capita consumption of poultry meat likely will average slightly higher this year than last. But all of the gain was made in the first half. The combination of lower turkey consumption in the third quarter and expectation of sharply less chicken in the fourth has held total poultry consumption under 1973 levels since midyear. In the first half of 1975 both chicken and turkey consumption will likely be down substantially from the relatively high level recorded during January-June 1974.

Consumption of chicken meat in 1974 is expected to average about the same as the 41.4 pounds of 1973, 1½ pounds below the record in 1972. Turkey consumption will be record high and up half a pound over the reduced level in 1973.

Production of both chicken and turkey has been well above 1973 levels. Through September, chicken meat production was 5 percent higher and turkey meat output was 16 percent larger than a year earlier. But now both are declining and will be substantially below year-earlier levels for the balance of 1974 and well into 1975. There likely will be little incentive in coming months to expand output for 1975 as production and marketing costs for most producers continue to exceed market prices.

Eggs.—Consumption in 1974 is expected to be down 7-8 eggs to around 287 eggs per person, continuing the sharp declines since 1971. The decline this year will be in use of shell eggs since substantially more eggs are going to processing.

Egg production has been below year-earlier levels since early 1972 and will continue lower at least well into 1975. Output during the first 3 quarters of 1974 totaled 137 million cases, down 1 percent from 1973 and the smallest quantity since 1966. Lower production has resulted from fewer layers since the rate of lay has continued to gain. On October 1 the laying flock was down 5 percent from a year earlier but the rate of lay was 1 percent higher.

For this fall and winter, fewer layers, a reduced replacement hatch, and a slowing in the rate of lay may cause egg output to be down 3-4 percent from a year prior. High production costs and poor profitability in recent months have discouraged producers from stepping up hatchery activity for flock replacements. The hatch of egg-type chicks that will provide flock replacements for November-March was down 12 percent. And eggs in incubators on October 1 were down 27 percent.

Dairy.—Per capita consumption of milk in all dairy products is estimated at 542 pounds this year, down from 556 in 1973, and the sharpest drop since 1967. However, the shift to lower fat items has held the decline in dairy product use to 2 percent. Per capita use of cheese and lowfat fluid milk is likely to be higher this year, but consumption of butter, whole milk, canned milk, and nonfat dry milk has declined. Although commercial use of butter, in a better competitive position pricewise with margarine, may rise some this year, reduced CCC donations to welfare and school lunch programs will mean a drop in per capita civilian consumption to about 4.4 pounds from 4.8 pounds in 1973.

With smaller supplies, higher retail prices, lower real consumer incomes, and higher unemployment rates, per capita milk use may decline again next year. However, the rate of drop may be more in line with the 1 percent average of recent years and the continued shift to lower-fat items would hold per capita consumption of products relatively unchanged.

Commercial use of milk in all dairy products during Jnanuary-September was down slightly from a year earlier. Expanded use of manufactured dairy products helped offset the drop in fluid whole milk sales. However, the drop in fluid milk sales has continued to slow, with sales almost reaching the year-earlier level in September compared to 5½ percent deficits earlier this year. Cheese sales continue to expand.

September milk production rose almost 3 percent above the reduced levels a year earlier, the sharpest increase in almost a decade. The declines in milk cow numbers continue to slacken, reaching about 1½ percent below year-ago levels by September, while output per cow was rising sharply from year-earlier depressed levels. Lower slaughter-cow prices reduced herd culling, more corn than usual moved into silage, and pastures were generally favorable in several important dairy States. However, these production gains may be temporary. Reduced feed grain and soybean crops this year will mean high feed prices to dairy farmers which will likely limit milk production this winter. For all of 1974, milk production may total around 1 percent below 1973's 115.6 billion pounds.

January-September dairy product imports were equivalent to 2.3 billion pounds of milk, up from 1.3 billion pounds a year earlier. However, product imports have now slackened to more normal levels as all of the temporary increases in import quotas have expired and it seems likely that the total quantity imported will be down about a fourth from the unusually high level in 1973.

Although now declining seasonally, commercial stocks of dairy products were equivalent to 7.2 billion pounds of milk on October 1, up 60 percent from a year ago, and a record high for that date. Goverment stocks of butter and cheese are at relatively low levels, but uncommitted CCC nonfat dry milk stocks accumulated to 135 million pounds by November 1; a year ago CCC

had no stocks of nonfat dry milk. CCC has purchased no butter and only moderate amounts of cheese under the price support program since early August, but nonfat dry milk removals continue at sizeable levels.

Fats and Oils.—During calendar 1974, per capita consumption of edible fats and oils is expected to total about 54 pounds or near the 1973 level. Declines in butter and lard will be about offset by increased use of margarine and cooking and salad oils. Shortening use may total near last year's rate.

Supplies of peanuts are at record levels and in excess of civilian food requirements. Edible use is expected to total about 7 pounds per person (kernel basis), a record high amount and about 5 percent above last season. Though the rate of gain probably will be somewhat below last season, when per capita use increased about 8 percent above that of the previous year, it continues well above the 3 percent gains of other recent years. Stepped-up demand likely has resulted from better price competition with other snack-type foods as well as increased use of peanut butter, one of the lower-cost high protein foods.

Fruit.—A sharp increase in fresh use was responsible for much of the 2 percent gain in per capita fruit consumption this year. Per capita consumption of fresh fruit jumped 4½ percent above the levels of the 2 preceding years while use in processed form increased 1 percent.

The gain for processed fruit was sharply less than in 1973 when controlled low prices encouraged consumption of processed deciduous fruit at rates inconsistent with supply levels much of the year. Packs during 1973 did not fully replenish the supply. With noncitrus supplies low until new packs came in during the year, the gain for processed fruit in 1974 was in citrus products, which were in bountiful supply.

Fresh apple consumption was up 1 percent per person over the all-time low of 14.3 pounds recorded last year. Other noncitrus fruits also increased a pound to 34.9 pounds, the highest level in 5 years. Peaches alone accounted for this year's gain. Per capita consumption of fresh citrus fruits, at 28.9 pounds, jumped over 1½ pounds per person above the level in the 2 preceding years.

The total noncitrus fruit crop in 1974 is estimated at 10.9 million tons, about the same as last year's utilized crop. Harvest of most crops is over and cold storage holdings of fresh noncitrus fruit on October 1 were generally below year-earlier levels. Supplies of canned noncitrus fruit, for use until new crops are harvested in 1975, are more adequate than a year ago as a result of substantially larger packs. Complete carryover and pack data are available for 9 items so far. Although the carryover for these items was less than a year ago, the packs were up nearly a fifth, resulting in a 15 percent increase in supplies.

A large crop is indicated for the citrus season just starting. If October 1 prospects are realized, the new crop will be nearly 5 percent larger than last year and slightly above the record high 1972/73 output. Orange production is forecast 8 percent higher than last year and is expected to top the previous record set in 1972/73 by 4 percent. Prospects are up in all producing areas except Texas, with the California orange crop, largely consumed fresh, the largest since 1946/47. About an 8 percent drop is forecast for the grapefruit crop, though output in Arizona and in California's desert valleys is indicated to be up sharply.

Vegetables.—Per capita fresh use of vegetables remained relatively unchanged in 1974 while consumption of canned vegetables increased 1½ pounds and frozen vegetables about half a pound per person over last year's levels. The 3 percent increase for the processed forms resulted in a 1 percent increase in per capita consumption of all vegetables.

Supplies of fresh vegetables are expected to be lower the balance of this year because the acreage for fall harvest is down 8 percent. Much of the decline in acreage is in Western lettuce and carrots and Florida tomatoes.

Moderately larger supplies of processed vegetables are likely for the marketing year just starting. But the gains are concentrated in canned tomato items and frozen products. Supplies of canned vegetables excluding tomatoes will likely be about the same as the tight supply of the 1973/74 season.

The fall potato crop, the major source of supply for processing and fresh use until spring, is expected to be record high and 13 percent above last year. The 7 percent larger sweetpotato crop was sufficient to replenish depleted stocks of canned sweets and allow plentiful fresh supplies this fall.

Record yields pushed dry bean production to a record high 2.2 billion pounds a plentiful supply for domestic and export needs.

Grain products.—Both wheat and rice, the major food grains, posted record high production in 1974. But their supply situations differ. Wheat stocks were down to a minimum level before the larger 1974 crop was harvested and supplies of wheat are expected to remain tight until next summer's harvest. Rice supplies, however, are record large, and despite prospects for record disappearance appear adequate to meet all needs. Per capita consumption of wheat flour and rice increased in 1974 and appears likely to remain at the higher level next year.

Table 7.--Livestock, crop, and total farm food commodities: Supply-utilization indexes by component and relationship of components to annual utilization, 1968-74 1/

Year	Supply: Production	Supply: Imports 2/	Supply: Stocks 3/	Supply: Total annual utilization	Utilization: Domestic use: Food: Civilian	Utilization: Domestic use: Food: Military	Utilization: Domestic use: Non-food: Seed and feed	Utilization: Domestic use: Non-food: Other	Utilization: Domestic use: Total	Utilization: Exports and shipments 4/
	A.--All food commodities indexes: (1967=100) 5/									
1968	100.2	111.5	109.1	102.0	102.4	97.9	---	100.3	102.3	100.4
1969	100.6	101.3	116.5	102.5	104.3	83.4	---	100.7	103.8	93.5
1970	98.4	105.4	120.7	105.7	105.8	70.2	---	90.6	104.5	114.0
1971	108.0	110.8	111.8	107.7	108.7	62.9	---	89.0	107.1	111.6
1972	104.6	115.1	123.4	110.9	109.4	50.2	---	92.5	107.6	135.1
1973 6/	106.9	115.4	118.5	113.7	106.4	39.8	---	102.4	104.9	178.4
1974 6/	104.4	111.8	112.4	113.8	110.4	33.4	---	93.2	108.2	154.5
	Livestock food commodities (1967=100)									
1968	100.5	109.0	128.8	102.1	102.2	99.8	96.6	101.9	102.0	106.4
1969	101.0	113.8	112.5	102.6	103.1	85.3	100.0	101.9	102.6	104.8
1970	103.5	124.6	97.5	104.8	105.8	71.6	103.0	95.8	104.7	108.7
1971	106.3	116.9	106.9	107.6	108.7	61.8	100.5	89.9	107.1	128.6
1972	105.9	134.4	102.4	108.0	109.4	49.7	107.3	92.2	107.6	121.1
1973 6/	100.9	144.3	93.1	102.8	104.8	37.4	96.6	78.2	102.6	110.9
1974 6/	104.8	127.8	103.0	106.2	108.9	30.6	93.9	82.5	106.3	102.6
	Crop food commodities (1967=100)									
1968	101.6	112.0	108.1	102.9	103.1	90.8	105.1	99.5	103.6	99.5
1969	103.8	98.3	116.7	105.0	107.2	76.3	110.3	100.2	107.9	91.9
1970	98.1	100.6	121.9	109.3	105.8	64.9	114.8	88.2	108.6	114.7
1971	113.3	109.3	112.1	110.8	108.8	67.2	117.5	88.5	111.1	109.2
1972	111.1	110.2	124.4	119.4	109.6	51.9	126.8	92.7	115.4	137.1
1973 6/	119.2	108.2	119.8	127.8	110.1	48.9	121.3	114.0	114.3	187.8
1974 6/	109.1	107.8	112.9	123.4	113.9	44.3	119.2	98.3	114.8	161.8
	B.--All food commodities: Percentage of annual utilization 5/									
1968	91.4	11.3	-2.7	100.0	83.7	1.8	---	2.8	88.3	11.7
1969	91.3	10.2	-1.5	100.0	84.8	1.5	---	2.8	89.1	10.9
1970	86.6	10.3	3.1	100.0	83.5	1.2	---	2.4	87.1	12.9
1971	93.3	10.6	-3.9	100.0	84.2	1.1	---	2.3	87.6	12.4
1972	87.7	10.7	1.6	100.0	82.4	.8	---	2.3	85.5	14.5
1973 6/	87.5	10.5	2.0	100.0	78.1	.7	---	2.5	81.3	18.7
1974 6/	85.5	10.1	4.4	100.0	81.0	.5	---	2.3	83.8	16.2
	Livestock food commodities: Percentage of annual utilization									
1968	96.1	3.5	.4	100.0	91.9	2.3	2.0	1.4	97.6	2.4
1969	96.0	3.6	.4	100.0	92.3	1.9	2.0	1.4	97.6	2.4
1970	96.4	3.9	-.3	100.0	92.7	1.6	2.0	1.3	97.6	2.4
1971	96.3	3.6	.1	100.0	92.8	1.3	1.9	1.2	97.2	2.8
1972	95.7	4.1	.2	100.0	93.1	1.1	2.0	1.2	97.4	2.6
1973 6/	95.7	4.6	-.3	100.0	93.7	.8	1.9	1.1	97.5	2.5
1974 6/	96.3	3.9	-.2	100.0	94.1	.7	1.8	1.1	97.7	2.3
	Crop food commodities: Percentage of annual utilization									
1968	89.2	15.9	-5.1	100.0	44.8	.6	33.7	3.2	82.3	17.7
1969	89.4	13.6	-3.0	100.0	45.5	.5	34.7	3.2	83.9	16.1
1970	81.1	13.4	5.5	100.0	43.2	.4	34.5	2.7	80.8	19.2
1971	92.4	14.4	-6.8	100.0	43.8	.4	35.0	2.7	81.9	18.1
1972	84.1	13.5	2.4	100.0	40.9	.3	35.1	2.6	78.9	21.1
1973 6/	84.4	12.3	3.3	100.0	38.3	.3	31.4	3.0	73.0	27.0
1974 6/	79.9	12.7	7.4	100.0	41.2	.2	31.9	2.7	76.0	24.0

1/ Quantities weighted by constant farm prices. Domestic use allocated on basis of value of processed products. Includes essentially all commodities having any U.S. food use; for item list, see NFS-124; for 1950-67 data see NFS-136. 2/ Includes shipments from U.S. Territories. 3/ Farm (other than live animals), commercial, and Government program holdings. Section A: January 1; derived by applying annual changes to January 1961 level. Section B: Represents stock changes. Negatives indicate stock increases; positives signify withdrawals. 4/ Includes shipments to U.S. Territories. 5/ Feed and seed omitted from total commodities to avoid double counting of use through livestock. 6/ Preliminary.

Table 8.--Supply and utilization of agricultural food commodities: Percentage of total utilization in 1967, selected years 1960-74 1/

Year	Supply			Total annual utilization	Utilization				
					Domestic use				
					Food		Nonfood 4/	Total	Exports 2/
	Production	Imports 2/	Stock withdrawal 3/		Civilian	Military			
Section A. All agricultural food commodities 5/									
1960	79.2	9.2	-2.8	85.6	73.2	1.2	2.6	77.0	8.6
1965	87.4	9.4	-.5	96.3	79.6	1.6	2.8	84.0	12.3
1967	93.1	10.3	-3.4	100.0	83.4	1.9	2.8	88.1	11.9
1970	91.5	10.9	3.3	105.7	88.3	1.3	2.5	92.1	13.6
1971	100.5	11.4	-4.2	107.7	90.6	1.2	2.5	94.3	13.4
1972	97.3	11.9	1.7	110.9	91.3	.9	2.6	94.8	16.1
1973	99.5	11.9	2.3	113.7	88.8	.8	2.8	92.4	21.3
1974 I/	97.3	11.5	5.0	113.8	92.2	.6	2.6	95.4	18.4
Section B. Agricultural commodities used primarily for food 6/									
1960	78.6	10.0	-1.3	87.3	77.8	1.3	1.8	80.9	6.4
1965	84.8	10.3	1.0	96.1	84.3	1.8	2.0	88.1	8.0
1967	90.4	11.2	-1.6	100.0	88.6	2.0	1.9	92.5	7.5
1970	92.1	11.8	.6	104.5	93.4	1.4	1.7	96.5	8.0
1971	95.5	12.4	-1.1	106.8	96.0	1.3	1.6	98.9	7.9
1972	93.9	12.9	1.5	108.3	96.4	1.0	1.7	99.1	9.2
1973	93.5	12.9	2.7	109.1	93.7	.8	1.9	96.4	12.7
1974 I/	97.4	12.5	-.7	109.2	97.0	.7	1.7	99.4	9.8
Livestock food commodities									
1960	84.2	1.9	-.1	86.0	89.8	1.5	1.5	83.8	2.2
1965	92.2	2.4	.5	95.1	88.6	2.1	1.5	92.2	2.9
1967	97.5	3.3	-.8	100.0	93.8	2.4	1.4	97.6	2.4
1970	100.9	4.2	-.3	104.8	99.1	1.7	1.4	102.2	2.6
1971	103.8	3.9	.1	107.8	102.0	1.5	1.3	104.8	3.0
1972	103.2	4.5	.3	108.0	102.5	1.2	1.4	105.1	2.9
1973	98.4	4.8	-.3	102.9	98.2	.9	1.2	100.3	2.6
1974 I/	102.4	4.3	-.2	106.5	102.1	.7	1.2	104.0	2.5
Crop commodities used primarily for food									
1960	67.0	26.9	-3.8	90.1	71.6	.9	2.5	75.0	15.1
1965	69.6	26.6	1.9	98.1	75.4	1.3	2.9	79.6	18.5
1967	75.8	27.4	-3.2	100.0	77.8	1.2	2.8	81.8	18.2
1970	73.9	27.5	2.5	103.9	81.8	.7	2.2	84.7	19.2
1971	78.5	30.0	-3.7	104.8	84.0	.8	2.1	86.9	17.9
1972	74.9	30.2	3.9	109.0	83.7	.6	2.3	86.6	22.4
1973	83.4	29.7	8.5	121.6	84.2	.6	3.4	88.2	33.4
1974 I/	86.8	29.6	-1.6	114.8	86.6	.5	2.5	89.6	25.2

1/ Quantities weighted by 1957-59 average farm prices. Domestic use allocated on basis of value of processed products. Quantities used domestically for feed and seed are omitted from both supply and utilization categories.

2/ Includes trade with U.S. Territories.

3/ Negatives indicate stock buildup during the year. Includes farm (other than live animals), commercial, and Government program holdings.

4/ Excludes domestic feed and seed use. See footnote 1.

5/ Essentially all commodities having any food use in the United States.

6/ Excluded from the total (presented in Section A) are all grains except wheat and rice and all major oilseeds except peanuts. With these exclusions, 3 percent of domestic food use is removed from consideration (2 percent in oilseeds and 1 percent in grains).

I/ Preliminary estimates.

FOOD SUPPLY AND UTILIZATION

Current estimates indicate that in 1974 the index of net utilization of farm food commodities (utilization exclusive of domestic feed and seed use for all farm commodities with any direct food use) is estimated to about match last year's level (table 7). A 13½ percent drop in the export index is balanced by a 3 percent increase for domestic use. On the supply side, declines of 2½ percent for production and 3 percent for imports were offset by a 12 percent further drawdown of stocks during the year. Stock levels by yearend are expected to be the lowest since 1958. With U.S. population up 22 percent since that date, stocks appear to be precariously low in relation to domestic disappearance and exports.

The index of production for livestock food commodities in 1974 is up 4 percent from 1973. However, imports are down from the record level of a year earlier and some buildup of stocks has occurred. Consequently, total use is up about 3 percent. Still, with exports off further from 1973, domestic food use of livestock commodities is up nearly 4 percent.

Gross production of crop food commodities, all having any domestic food use, in 1974 is now expected to be down about 8½ percent from a year earlier. The reduction reflects adverse weather conditions over much of the Nation beginning with excessive rains in the spring, drought in the summer, and early frost this fall. Imports of crop foods are also down slightly, but a further drawdown of stocks of nearly 13 percent during the year resulted in a decline in total utilization of only about 3½ percent. Domestic food use of these commodities actually increased about 3½ percent in 1974, but feed use fell a little over 2 percent and exports fell nearly 14 percent from the record high established in 1973.

The supply-utilization index series, shown in table 7, measures quantity changes for all farm commodities with any food use in the United States, including feed grains and oilseeds—commodities used extensively for livestock feeding. If these commodities are omitted a somewhat different supply-utilization picture for 1974 emerges (table 8). Production of both livestock and crop commodities increased about 4 percent from 1973. Imports were down 3 percent, primarily due to reductions for livestock products, especially beef and dairy products. The sharp decline in exports was mainly associated with crops, particularly wheat. Domestic food use increased 3½ percent, with livestock products and particularly beef accounting for most of the increase.

Total use of primarily food commodities in 1974 was unchanged from a year earlier allowing a small increase in stocks. The stock buildup was mostly in crop foods, reflecting the improved carryout position for wheat, rice, vegetables, potatoes, dry beans and peas, and fruit.

SUGAR AND TROPICAL PRODUCTS—SITUATION AND OUTLOOK

SUGAR

Per capita consumption of refined sugar is expected to fall slightly short of last year's 102 pound level. Physical deliveries for the first 10 months this year totaled 9.87 million tons raw value, 70,000 tons ahead of last year's level. For the year, deliveries may fall slightly short of last year's 11.6 million tons.

Sugar prices set new records

The U.S. price (New York) averaged nearly $31.60 per hundredweight in the third quarter this year, up sharply from $23.00 in the second quarter and nearly triple the $10.70 posted in the third quarter of 1973 (table 9). The September price averaged $33.70 per hundredweight and the October price, $38.80. The current U.S. price continues to set new records ($55.00 per hundredweight—November 7) far exceeding the earlier high of $23.60 set back in 1920.

World sugar prices also continue to set new records ($53.50 per hundredweight—November 7). On a New York duty paid basis (adusted for transportation costs, insurance and U.S. duty from greater Caribbean ports, including Brazil), the world price continues higher than the U.S. price although the differences are considerably less than during the second quarter.

Wholesale and retail sugar prices continue to rise reflecting the higher raw sugar prices. In all delivery areas, wholesale refined sugar is now over $44.00 per hundredweight for beet sugar and over $49.00 per hundredweight for cane sugar. Retail prices have yet to fully reflect the most recent rises in both raw and wholesale refined prices. The BLS September price of 38 cents per pound (U.S. average—5 lb. package) continues to rise. Prices of products containing sugar, particularly soft drinks and preserves, also continue to rise with much of the increase explained by sharply higher sugar prices.

Why are sugar prices so high?

There are several reasons why both U.S. and world sugar prices are currently so high. World sugar

Table 9.--U.S. sweeteners and beverages: Selected prices, 1973 and 1974

Commodity	1973 I	1973 II	1973 III	1973 IV	1974 I	1974 II	1974 III
	Cents per pound 1/						
Sugar							
Raw:							
New York, duty paid	9.32	9.99	10.66	11.20	15.94	22.93	31.55
World, f.o.b. Caribbean	9.12	9.50	9.30	10.51	19.29	23.03	30.40
Quota premium 2/	-1.08	-.84	-.05	-.81	-4.91	-1.80	-.48
Refined:							
Wholesale							
Northeast, cane 3/	13.09	13.60	14.45	15.14	18.35	27.48	36.69
Chicago-West, beet 3/	11.62	11.86	12.30	13.76	17.54	26.35	34.09
Pacific Coast, beet 3/	11.53	11.96	12.40	13.61	18.68	26.67	32.75
Bulk, dry beet, f.o.b. plant	10.77	10.94	11.30	12.57	15.69	23.40	30.38
Retail, U.S.: 5-pound package	14.23	14.62	15.12	16.42	18.51	25.30	34.98
Corn sweeteners							
Wholesale, Chicago:							
Corn Sirup, (dry basis)	5.04	6.14	8.19	8.88	8.92	9.93	11.92
Cocoa and chocolate							
Wholesale, New York:							
Cocoa beans, "Accra"	40.0	61.2	82.9	73.4	75.7	109.1	106.7
Cocoa butter	91.5	141.6	181.9	145.9	152.9	220.0	185.9
Retail, U.S.:							
Chocolate bar (1-oz.) 4/	6.7	6.9	7.1	7.1	8.4	9.8	10.0
Chocolate sirup (16-oz. container) 4/	25.4	26.1	26.3	28.5	31.9	34.5	35.5
Coffee							
Wholesale, green, New York:							
Colombian, Manizales	71.7	72.8	75.2	73.2	77.3	82.8	75.8
Mexican washed	63.3	60.8	62.1	63.9	71.3	72.7	64.3
Brazilian, Santos No. 4	61.5	65.7	70.8	72.4	72.7	75.3	65.0
Robusta, Ambriz No. BB	48.8	48.6	47.9	53.3	59.8	64.5	56.8
Retail, U.S.:							
Roasted, can	97.9	103.0	106.6	108.4	113.0	120.1	128.3
Instant soluble (6-oz. jar) 4/	111.9	115.7	117.7	118.8	123.4	134.8	145.2
Tea							
Wholesale, black, New York	47.8	48.6	48.5	48.1	52.6	63.2	64.4
Retail, package of 48 tea bags 4/	65.5	66.0	66.2	66.9	68.2	69.8	73.0
Soft drinks							
Retail:							
Cola drinks (6 12-oz. bottles) 4/	84.6	85.9	86.0	88.0	92.1	101.9	116.0
Carbonated fruit drink (6 12-oz. bottles) 4/	74.3	75.2	75.5	77.2	79.7	87.0	98.8

1/ Except as noted. 2/ Difference between New York and world prices, adjusted to exclude duty and computed freight from Greater Caribbean ports (including Brazil), insurance and unloading charges. 3/ Basis price, 100 lb. paper bags, carload lots. 4/ Cents per specified unit.

Source: Sugar prices (except bulk, dry beet, f.o.b. plant and U.S. average retail--BLS data) from Sugar Reports; wholesale cocoa and cocoa butter prices from Journal of Commerce; all other data from Bureau of Labor Statistics.

production for 1974/75 is now estimated to total about 89.4 million short tons (raw value)—less than 1 percent above 1973/74. This forecast reflects revised estimates for production in several areas, particularly production of sugar beets in most Northern Hemisphere countries. If this recent estimate is realized, world production will about equal world consumption. Production outran consumption by nearly 1 million tons in 1973/74.

The current world output estimate is about a million and a half tons less than an earlier forecast. Carryin world sugar stocks were only about 19 percent of the 1973/74 crop and appear likely to comprise only about a fifth of the 1974/75 crop, exerting considerable pressure in a tight market. To substantially decrease current price pressures, carryin sugar stocks would need to increase to about 25 to 30 percent of world production.

While both U.S. and world raw sugar prices are currently exceeding 55 cents per pound, many producing areas, such as the Common Market (EEC) and many developing countries do not fully reflect the current high world sugar prices back to their consumers. Thus, while prices of sugar and sugar-containing products will likely discourage some consumption in the United States, this is not as true in much of the world, although some countries which control prices have recently raised their domestic price levels. There is also some evidence that several sugar producing areas have delayed some in selling their sugar to foreign buyers, motivated by rising prices coupled with a belief that prices are not likely to decline soon.

While it was earlier thought that some industrial users in the United States may have been stockpiling some sugar in anticipation of even higher sugar prices later, there is little if any evidence of industrial user stockpiling by larger industrial users, but there is some evidence of slightly larger inventories being carried by smaller industrial users. Household users may have been purchasing more sugar than usual. Some may have been purchased to build up household inventories in an attempt to partly offset anticipated higher prices later. It also appears that householders may be reacting to spiraling food prices by canning more sugar-containing fruits and preserves this year than usual.

Aggressive purchases of sugar by certain major Middle Eastern oil producing countries may have had some impact on keeping sugar prices high, but it is difficult to measure the exact impact. Speculation in the spot and futures market may also partly help explain current high sugar prices.

Another factor is that apparently rising U.S. sugar prices did not discourage U.S. sugar consumption significantly until about September 1. It appears that U.S. consumption patterns are now beginning to reflect higher sugar prices. Continuing high prices of sugar and sugar-containing products could tend to further reduce U.S. consumption in 1975.

The current market continues tight, with only a rumor needed to push up prices significantly. But despite the sky-high current prices, sugar continues to be available for those buyers who are willing to pay the very high prices. In a longer run context, high sugar prices act as a lever to increase production and decrease consumption. Looking ahead, high sugar prices will likely further stimulate increased world sugar output in the next 1 to 3 years as major adjustments are made. In the United States, at least, high sugar prices and high prices of sugar-containing products will likely lower per capita consumption in 1975.

U.S. sugar crops down this year

U.S. sugar production this year is expected to decline from last year's 5.73 million tons (raw value). The total area of 745,000 acres of sugarcane for harvest is only fractionally higher than a year ago. Prospective production of sugar cane is 25.3 million tons (as of November 1) nearly the same as in 1973. Production would have been even higher this year, but for hurricane damage in Louisiana, and for a strike in Hawaii earlier this year, which delayed harvesting schedules, and lowered earlier production prospects. Assuming normal recovery rates consistent with trend, the 1974/75 cane crop should produce about the same quantity of sugar produced in 1973/74—2.55 million tons (raw value).

Acreage for harvest of sugar beets of 1.2 million acres is down nearly 2 percent from last year's level. Substantial declines in Idaho, Washington, and California were not quite offset by sharp increases in acreage in the Red River Valley (Minnesota-North Dakota). Prospective production of 22.4 million tons (as of November 1) is down nearly 9 percent from last year's crop with indicated yields down about 7 percent from 1973. Assuming normal recovery rates consistent with trend, the 1974/75 beet crop should fall about 9 percent short of matching last year's 3.18 million tons (raw value).

U.S. imports rise

Imports of sugar totaled 3.97 million tons (raw value) during January-August 1974, running 12 percent ahead of a year ago. Larger imports came from Republic of China, Colombia, Central America, Dominican Republic, Peru, Thailand and the West Indies. Countries whose shipments were running behind the first 8 months of 1973 include Australia, Brazil, Ecuador, India, Mexico, Mauritius, Philippines, and South Africa.

Shipments from Hawaii to the U.S. mainland totaled 515,000 tons during the first eight months, down from 741,000 tons a year earlier. Inshipments from Puerto Rico totaled 136,000 tons for the same period more than 3 times larger than in 1973. Total imports and inshipments plus shipments from mainland raw cane sugar mills to refiners totaled 4.62 million tons during January-August, nearly 4 percent larger than the year earlier level.

U.S. Sugar Act to expire

On December 31, this year, the present U.S. Sugar Act expires. The U.S. Tariff Schedules provide the authority for the President to proclaim import quotas and any tariff rate he chooses not lower than the present rate (0.6625 cents per lb.) nor more than 50 percent above the 1934 rate (1.9875 cents per pound). Unless the President acts within 90 days following December 31, 1974 the rate of duty for sugar snaps back to the 1934 rate (1.9875 cents per pound). A presidential decision proclaiming the level of tariff rates and quota, if any, will likely be made before December 31, 1974.

Honey production declines

Based on commercial production of beekeepers with 300 or more colonies, the 1974 honey crop may decline over a fifth from last year's 238.2 million pound crop.

To help compensate for the short crop, imports will likely total about 19 million pounds nearly double the level in 1973. Exports will likely total about 5 million pounds or about a third of the volume exported last year. Demand for honey continues strong with prices at all levels buoyed up by high sugar prices.

COFFEE

Per capita coffee consumption is continuing the longterm downtrend which began in 1962. It is expected to total about 13.3 pounds (green bean equivalent or GBE) down from 13.6 pounds last year.

Imports: Green down—instant up

Green coffee imports totaled 2.09 billion pounds (GBE) for the first 9 months this year, down 7 percent from last year's level of the same period. Imports for the year are expected to be down over 100 million pounds from the 2.88 billion pounds posted in 1973.

Roasted coffee imports for the first 9 months were down about half while instant coffee imports were over a fifth higher than for the same period a year ago. Roasted's level for January-September was 18 million pounds while instant's was 148 million pounds (both figures in green bean equivalent—GBE).

1974/75 Coffee crop up a fourth

The 1974/75 world coffee crop (October-September) is expected to total about 80.1 million bags (132.3 pounds each). This is a fourth larger than last crop year and the largest since the 81.6 million bags produced in 1965/66. Output in Brazil, the world's largest producer, will likely reach 27.0 million bags, nearly double last year's low output. Trees in Brazil now show little trace of the frost damage in 1972. Production is also expected to increase in Central America, Mexico, Ecuador, Ethiopia, Ivory Coast, Angola, Kenya, Uganda and India.

Coffee imports (green bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Green coffee	2,866	2,746	2,883	2,737
Minus reexports	-39	-49	-120	-120
Net imports	2,827	2,697	2,763	2,617
Roasted coffee[2]	25	36	42	25
Instant coffee[2]	90	141	172	198
Total imports	2,942	2,874	2,977	2,840

[1] Forecast based on first 9 months of 1974 plus last quarter of 1973. [2] Reexports of roasted and instant coffee are relatively insignificant.

Source: Bureau of Census.

Colombia is expected to harvest a record crop of 9.5 million bags.

Prospective exportable production (total harvested production less estimated domestic consumption in producting countries) is expected to total about 60.1 million bags in 1974/75—up more than a third from the 1973/74 level. Trade sources suggest that with more coffee available, some importing countries may begin to reduce their inventories, stimulated by high interest rates, and uncertain economic conditions. If this occurs, exporting countries may increase their stocks by some 3-4 million bags from the 1974/75 crop.

Producers' Retention Agreement

Eighteen of the world's coffee producers, which account for more than four-fifths of world coffee exports, have formally agreed to implement a scheme to withhold about 16 million bags of coffee from importing countries for 1974/75. The volume to be retained in stock consists of 5.7 million bags to be held under an existing retention scheme. The remaining 10.3 million bags is about one-fifth of the estimated exportable production of the participating 18 exporting countries.

If all significant producers agree to operate the retention scheme, about 18 million bags would be held in stock. It is understood that Indonesia, Ethiopia, Nicaragua, and a number of minor producing countries may not participate. The 18 producers will consider releasing coffee from stock when the Robusta price reaches 65 cents per pound and the "other milds" price reaches 71 cents per pound simultaneously.

Under the scheme, participating countries have to provide periodic certificates, based on bonded warehouse receipts or similar documentation to prove they hold the stocks they claim, to the producers administrative board, which will supervise the retention scheme. They will also be subject to frequent spot checks by a Geneva-based company which will verify stock levels. Some countries which participated in the 1973/74 retention program did

not adhere to the required stock levels, but have agreed to boost stocks to their share of the 5.7 million level.

Green coffee prices softening

Green coffee prices dropped sharply in August reacting to the one-third larger supplies of coffee available for export. In the third quarter, green coffee prices were 7 to 10 cents per pound lower than in the second quarter. September levels were lower than they had been for several months. Roasters also recently reported reductions of 5 cents per pound for roasted coffee, to reflect the decline in green prices.

Retail coffee prices, however, continue to advance and have yet to reflect the lower green or wholesale roasted prices. In the third quarter, roasted coffee prices averaged $1.28 per pound exceeding the earlier record high of $1.23 set back in July and August of 1954. The September price set a new record of $1.31. Retail instant coffee prices also continue to set records, averaging $1.45 per 6-oz. jar in July-September and topping $1.48 in September.

Coffee Outlook:—Firm for awhile

Retail coffee prices are expected to remain near current levels for some time. There is about a 3 to 9 month lag from the time green prices decline before it shows up at retail. Moreover, general inflationary pressures may further delay any potential declines in retail coffee prices. Green coffee prices appear likely to remain near current levels. However, if the proposed retention control scheme works sufficiently well to withhold enough supplies from importing countries, the green price may rise somewhat.

TEA

Tea imports for the first 9 months this year totaled 148 million pounds up 16 percent from the same period a year ago. At this pace, annual imports seem more than likely to top last year's 173 million pounds and the previous record of 175 million pounds set in 1971. Per capita consumption is expected to be about 0.81 pound (dry leaf basis).

Part of the increase in tea consumption this year comes from a slower rise in retail tea prices relative to sharply increasing coffee and soft drink prices. While data are not available, the tea trade believes that two-thirds or more of the tea consumed in the United States is iced tea and less than one-third consists of hot tea.

World tea production up in 1974

World tea production in 1974 (excluding People's Republic of China) is forecast at a record 1.23 million metric tons up slightly from the 1973 harvest of 1.22 million. Production in Asia and Oceania is expected to be up by nearly 2 percent to 1.05 million tons, reflecting prospects for a record India crop. However, another disappointing harvest is expected for Sri Lanka (Ceylon). African production, suffering from drought conditions earlier this year, will likely fall about 5 percent short of the record 1973 harvest of 152,000 metric tons. South American production is also expected to be lower, reflecting a smaller Argentine crop.

Tea prices continue up

Tea prices increased at all levels during 1974. Average London Auction prices for all tea during the first 9 months of 1974 averaged 62 cents per pound, nearly 38 percent higher than the same period in 1973. U.S. wholesale prices averaged 64 cents in the third quarter this year (New York spot—India-Ceylon composite) up slightly from the second quarter, and over a fifth higher than in the first quarter. The lack of significant increase in the overall tea crop this year helps explain rising wholesale tea prices. Continuing inflation and uneasy world monetary conditions have also played a significant role in rising tea prices.

Retail tea prices continue to rise, lagging behind increasing wholesale prices. A package of 48 tea bags averaged 74 cents in the third quarter, 3 cents higher than the second quarter, and 6 cents a package higher than the first quarter. Even though tea prices are nearly a tenth higher than in the last quarter of 1973, this compares favorably with 20 percent higher retail coffee prices and 30 percent higher soft drink prices.

COCOA AND CHOCOLATE

Per capita consumption of cocoa this year is expected to total about 3.9 pounds (bean equivalent) down significantly from 4.2 pounds in 1973.

The U.S. grind for the first three quarters totaled 398 million pounds, nearly 15 percent below last year's pace for the same period. And a prospective smaller fourth quarter grind means that 1974 grindings will probably fall at least 75 million pounds short of last year's 614 million pounds.

World crop up—But supplies tight

The 1974/75 world cocoa crop (October-September) is forecast at 1.46 million metric tons, slightly larger than the 1973/74 harvest. African production is expected to increase about 8 percent, primarily reflecting improved moisture conditions. Larger crops are also forecast for North America, Asia, and Oceania. But primarily because of much less favorable growing conditions in Brazil, South American production is expected to decline sharply.

Imports of cocoa beans and cocoa products (bean equivalent)

Item	1971	1972	1973	1974[1]
	Million pounds	*Million pounds*	*Million pounds*	*Million pounds*
Cocoa beans	707	632	555	503
Minus reexports	-11	-8	-20	-51
Net imports	696	624	535	452
Semiprocessed[2]				
Unsweetened chocolate	8	12	19	32
Cocoa butter	46	62	45	41
Unsweetened cocoa	129	190	189	182
Other products	4	6	5	3
Total	187	270	258	258
Consumer products[2]	21	22	22	20
Total imports	904	916	815	730

[1] Forecast based on first 9 months of 1974 plus last quarter of 1973. [2] Reexports of semiprocessed and consumer products are relatively insignificant.

Source: Bureau of Census.

World cocoa grindings are not expected to exceed 1.45 million tons, well under 1973 level of 1.53 million tons. High cocoa bean prices and tight supplies will probably result in even lower world grindings in 1975.

Cocoa prices up

Cocoa beans averaged $1.07 per pound in the third quarter this year (New York spot—"Accra"), only fractionally higher than in the second quarter but 40 percent above first quarter levels. Cocoa butter prices averaged $1.86 per pound in the third quarter down from $2.20 in the second quarter, but still a fifth higher than in the first quarter. Both cocoa bean and butter prices further increased in October—$1.16 per pound for beans and $2.05 for butter. With only a slightly larger cocoa crop this year, cocoa prices are expected to remain firm.

Retail prices are expected to further increase, to more fully reflect higher cocoa prices. Prices of other ingredients, particularly sugar and milk solids, have also risen sharply in recent months.

Say Goodbye to the 15-cent candy bar

The November 1968 *National Food Situation* forecast the demise of the nickel candy bar. Similarly, the November 1973 issue of the same report said goodbye to the 10-cent candy bar. Unfortunately, it is also time—just a year later—to say goodbye to the 15-cent candy bar. Manufacturers are all too aware of higher ingredient prices and general inflation. When ingredient costs rise sharply manufacturers usually take one or more of the following actions to protect their profit margins: (1) reduce the bar size, (2) substitute lower priced vegetable oil base "confectioners coatings" for higher priced cocoa butter or (3) increase prices.

Some manufacturers have announced they will have retail labels without specific prices on these bars. This will allow retailers to sell at price levels dictated by their margin. Thus, as we say goodbye to the 15-cent candy bar, it doesn't necessarily follow, we are saying "hello" to the 20-cent bar. Instead of retail candy bar prices being mostly of a specific price it now appears likely that retail prices will vary even more from bar to bar and from store to store.

NUTRITIONAL REVIEW

by Berta Friend and Ruth Marston

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ABSTRACT: Most nutrient levels for 1974 are 1 or 2 percent higher than in 1973 due, for the most part, to increased meat supplies. Only calcium and riboflavin remained unchanged. Carbohydrate is down 1/5 since 1909-13, when 1/3 came from sugars and 2/3 from starch. Sugars now provide a little more than half the total. Estimates have been made for individual sugars—sucrose, lactose, glucose, maltose, and fructose. Sucrose levels parallel use of refined sugar; lactose, use of dairy products. Greater use of corn sirup has raised levels for glucose and maltose. Recently, use of high-fructose corn sirup has further increased the glucose level as well as contributed to the fructose level. Fiber, another form of carbohydrate, decreased 1/3 since 1909-13.

KEY WORDS: Food supply, diet, food consumption, human nutrition, food economics

Situation in 1974

All nutrient levels are 1 or 2 percent higher for 1974 than for 1973 except those for calcium and riboflavin, which remain unchanged (table 10). The higher levels reflect the substantial recovery from 1973's reduced red meat consumption combined with increased use of poultry, fruit, potatoes, flour and cereal products, and sweeteners.

The increase in the three energy-yielding nutrients—protein (2 percent), fat (2 percent), and carbohydrate (1 percent)—resulted in the 2 percent increase in food energy (calories). Greater use of beef and lean pork accounted for the higher protein level; pork products and beef for the larger amount of fat; and corn sirup, potatoes, and grain products for the increase in carbohydrate.

Meat, a good source of iron and of B-vitamins—thiamin, niacin, vitamin B_6 and vitamin B_{12}—contributed to the 2 percent rise in levels for each of these nutrients. Meat also accounted for the 1 percent increase in phosphorus and magnesium.

Vitamin A value and ascorbic acid each increased by 1 percent. The rise in vitamin A value is associated with larger supplies of edible offals and the rise in ascorbic acid with larger supplies of frozen citrus products, chiefly orange juice.

Although levels for calcium and riboflavin show no percentage increase, changes in their sources have occurred with shifts in consumption of foods comprising the dairy products group, the largest contributor to these nutrients (table 11). Less calcium and riboflavin came from fluid whole milk and more came from fluid low-fat milks, reflecting a continuation of the consumer's preference for low-fat milks. The increases in calcium and riboflavin resulting from greater consumption of cheese offset the slight net decline in the amount of these nutrients provided by total fluid milks.

Situation Since 1967

Changes in levels of nutrients available from the Nation's food supply are more noteworthy when viewed over a period of years. Since 1967, about half of the nutrients for which calculations are made show increases ranging from 4 to 10 percent (table 10).

The 10 percent increase in ascorbic acid reflects the greater use of processed citrus products and the addition of this nutrient to foods such as other fruit juices and drinks, flavored beverages, dessert powders, etc.

The 6 percent rise in iron resulted chiefly from the increasing popularity of beef, which also contributed to the 5 percent higher level for vitamin B_6. Greater consumption of beef and poultry was responsible for the 4 percent gain in niacin. Use of more vegetables and the addition of vitamin A to foods, for example to milk, accounted for the 4 percent increase for this nutrient.

Food energy increased by 4 percent because of the rise in nutrient fat, protein and carbohydrate. More meat

Table 10.--Nutrients available for civilian consumption, per capita per day, selected periods 1/

Nutrient	Unit	Average 1957-59	1967	1972	1973	1974 preliminary	1974 as a percentage of 1957-59	1974 as a percentage of 1967	1974 as a percentage of 1973
Food energy	Cal.	3,140	3,210	3,320	3,300	3,350	107	104	102
Protein	Gm.	95	98	101	99	101	106	103	102
Fat	Gm.	143	150	158	155	158	110	105	102
Carbohydrate	Gm.	374	373	381	385	388	104	104	101
Calcium	Gm.	.98	.94	.94	.95	.95	97	101	100
Phosphorus	Gm.	1.51	1.52	1.54	1.52	1.54	102	101	101
Iron	Mg.	16.1	17.2	18.0	17.9	18.3	114	106	102
Magnesium	Mg.	348	343	346	346	348	100	101	101
Vitamin A Value	I.U.	8,000	7,900	8,100	8,100	8,200	103	104	101
Thiamin	Mg.	1.84	1.91	1.94	1.90	1.94	105	102	102
Riboflavin	Mg.	2.28	2.33	2.35	2.32	2.33	102	100	100
Niacin	Mg.	20.6	22.4	23.4	22.9	23.4	114	104	102
Vitamin B_6	Mg.	2.01	2.18	2.29	2.24	2.28	113	105	102
Vitamin B_{12}	Mcg.	8.9	9.5	9.8	9.5	9.7	109	102	102
Ascorbic acid	Mg.	105	108	115	118	119	113	110	101

1/Quantities of nutrients computed by Agricultural Research Service, Consumer and Food Economics Institute, on the basis of estimates of per capita food consumption (retail weight), including estimates of produce of home gardens, prepared by the Economic Research Service. No deduction made in nutrient estimates for loss or waste of food in the home, use for pet food, or for destruction or loss of nutrients during the preparation of food. Civilian consumption. Data include iron, thiamin, riboflavin, and niacin added to flour and cereal products; vitamin A value added preminarily to margarine, milk of all types, and milk extenders; ascorbic acid added primarily to fruit juices and drinks, flavored beverages and dessert powders, milk extenders, and cereals. Quantities of added nutrients for 1960-66 were estimated in part by Consumer and Food Economics Institute.

Table 11--Contribution of major food groups to nutrient supplies available for civilian consumption, 1957-59 average and 1974 1/

Food groups	Food energy	Protein	Fat	Carbohydrate	Calcium	Phosphorus	Iron	Magnesium	Vitamin A value	Thiamin	Riboflavin	Niacin	Vitamin B_6	Vitamin B_{12}	Ascorbic acid
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1957-59 Average															
Meat (including pork fat cuts), poultry, and fish	18.2	35.7	33.0	0.1	3.2	22.0	27.1	10.9	19.9	27.4	21.2	42.3	39.8	64.9	1.1
Eggs	2.6	6.8	4.0	.1	2.8	6.8	7.1	1.6	7.3	2.8	6.5	.1	2.7	11.2	0
Dairy products, excluding butter	13.5	24.5	16.5	7.7	76.6	38.8	2.3	23.3	12.7	10.5	45.3	2.0	11.3	23.9	5.2
Fats and oils, including butter	16.0	.1	39.4	(2)	.4	.2	0	.3	8.7	0	0	0	.1	0	0
Citrus fruits	.7	.4	.1	1.5	.8	.6	.8	1.7	1.1	2.1	.4	.7	1.2	0	22.1
Other fruits	2.6	.8	.3	5.6	1.3	1.3	4.4	4.4	6.9	2.2	1.8	2.3	6.9	0	10.9
Potatoes and sweetpotatoes	2.8	2.4	.1	5.3	1.0	3.9	4.3	7.2	8.3	6.4	1.9	7.6	13.6	0	20.6
Dark green and deep yellow vegetables	.3	.5	(2)	.5	1.6	.7	1.9	2.3	20.7	.9	1.2	.7	2.0	0	9.2
Other vegetables, including tomatoes	2.3	3.3	.4	4.2	4.6	4.7	9.1	10.2	13.8	6.9	4.4	6.2	9.9	0	30.8
Dry beans and peas, nuts, soya flour	2.9	5.2	3.2	2.3	2.6	5.7	7.4	10.8	(2)	6.0	1.9	6.3	4.7	0	(2)
Flour and cereal products	21.4	19.9	1.5	37.6	3.3	13.1	28.2	18.4	.4	34.8	14.6	25.2	7.6	0	0
Sugars and other sweeteners	15.8	(2)	0	34.2	.8	.2	4.3	.2	0	(2)	.1	(2)	.1	0	(2)
Miscellaneous 3/	.8	.4	1.4	.7	1.1	2.0	3.0	8.6	(2)	.1	.8	6.4	.1	0	0
Total 4/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1974 5/															
Meat (including pork fat cuts), poultry and fish	20.2	41.5	34.7	0.1	3.5	26.2	29.1	13.7	21.5	28.1	24.5	45.6	45.8	69.7	10
Eggs	2.0	5.1	2.9	.1	2.3	5.4	5.1	1.3	5.8	2.2	5.1	.1	1.9	8.3	0
Dairy products, excluding butter	11.1	22.5	12.4	6.6	75.7	36.1	2.3	21.6	12.9	9.0	41.0	1.6	10.2	20.5	4.0
Fats and oils, including butter	17.8	.1	42.6	2/	.4	.2	0	.4	8.1	0	0	0	0	0	0
Citrus fruits	.9	.5	.1	1.9	.9	.7	.8	2.2	1.5	2.8	.5	.9	1.2	0	26.3
Other fruits	2.2	.6	.2	4.7	1.2	1.1	3.3	3.9	5.5	1.8	1.5	1.7	5.5	0	11.4
Potatoes and sweetpotatoes	2.7	2.4	.1	5.3	.9	3.9	4.4	7.1	5.3	6.2	1.7	7.1	11.2	0	18.0
Dark green and deep yellow vegetables	.3	.5	2/	.5	1.6	.7	1.6	2.1	21.2	.9	1.1	.7	1.7	0	8.3
Other vegetables, including tomatoes	2.5	3.3	.4	4.7	4.9	5.0	9.0	10.4	15.5	6.9	4.5	6.1	9.2	0	27.6
Dry beans and peas, nuts, soya flour	3.2	5.4	4.0	2.2	2.8	6.2	6.4	11.7	2/	5.7	2.0	7.6	4.3	0	2/
Flour and cereal products	19.2	17.8	1.3	34.8	3.3	12.5	28.2	17.9	.4	36.3	17.4	24.0	8.9	1.5	0
Sugars and other sweeteners	17.3	2/	0	38.4	1.5	.3	7.4	.2	0	2/	2/	2/	0	0	2/
Miscellaneous 3/	.7	.4	1.2	.6	1.0	1.8	2.4	7.6	2.3	.1	.7	4.8	.1	0	3.5
Total 4/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1/ Percentages for food groups are based on nutrient data included in totals in table 10. 2/ Less than 0.05 percent. 3/ Coffee and chocolate liquor equivalent of cocoa beans and fortification of products not assigned to a specific food group. 4/ Components may not add to total due to rounding. 5/ Preliminary.

and a marked increase in use of salad and cooking oils accounted for the 5 percent gain in nutrient fat. The 3 percent increase in protein resulted from greater consumption of meat, poultry, fish, and cheese. The 4 percent higher level of carbohydrate is mainly due to use of more sugar and sirups.

CARBOHYDRATE

Since 1909-13, the amount of carbohydrate has dropped one-fifth, from around 490 to about 390 grams per capita per day, reaching a low level of a little more than 370 grams in the mid-1960's. Supplies of carbohydrate and use of grain products, large contributors of carbohydrate, have decreased at a faster rate than total food use measured in calories. Consumption of grain products is now 142 pounds per capita per year, about half that in 1909-13. In 1965 when the carbohydrate level was low, the food energy level, 3140 calories per capita per day, was 10 percent lower than in 1909-13. Today 3350 calories per capita per day are provided, 4 percent less than at the beginning of the century. The higher calorie level since 1965 is due, in part, to increases in carbohydrate supplies. Carbohydrate furnishes the largest share of food energy, currently contributing 46 percent of the total compared with 56 percent in 1909-13. The slight upturn in carbohydrate in recent years may be accounted for by a moderation in the longtime decline in use of grain products combined with increased use of sugars.

Two food groups—flour and cereal products, and sugar and sirups—have furnished about three-fourths of the carbohydrate over the past 65 years, but the proportionate contribution from each group has shifted. The share now provided by flour and cereal products and by sugar and sirups is 35 and 38 percent respectively (table 11). In contrast, 56 percent of the carbohydrate came from flour and cereal products and 22 percent from sugar and sirups in 1909-13.

Sugars and Starch

The carbohydrate supply reported here is comprised almost entirely of sugars and starch. The term "sugars" includes all sugar, that occurring naturally in food such as milk, fruit, sirups, and honey as well as refined cane, beet, and corn sugar. In estimating the amounts of these two types of carbohydrate, it was assumed that the carbohydrate in foods such as fruit and sweeteners was present mainly as sugars and that the carbohydrate in foods such as grain products and vegetables was present mainly as starch.

Divergent trends are apparent for sugars and starch. At the beginning of the century about one-third of the carbohydrate was provided by sugars and two-thirds by starch. By 1957-59 the two contributed about equally to total carbohydrate, but now the sugars provide a little more than half.

Carbohydrate available per capita per day, and percent furnished by starch and sugars

Year	Carbohydrate	Starch	Sugars
	Grams	*Percent*	*Percent*
1909-13	492	68.1	31.9
1925-29	476	58.4	41.6
1935-39	436	56.4	43.6
1947-49	403	51.9	48.1
1957-59	374	49.3	50.7
1967	373	48.3	51.7
1971	380	47.1	52.9
1972	381	46.8	53.2
1973	385	46.4	53.6
1974[1]	388	46.5	53.5

[1] Preliminary.

Consumption of sugars has increased by about one-third since the beginning of the century—from about 155 to almost 210 grams per capita per day. Most of the sugars are provided by foods included in the sugar and sirups group. Dairy products and fruit supply almost all the remaining sugars, in about equal amounts (fig. 7). The longtime trend for sugars shows large and sharp increases until the 1930's, followed by periods of decline during the mid-1930's and mid-1940's. The upward trend resumed in the late 1960's, and now use slightly exceeds the previous high levels. The contribution of total sugars to food energy now amounts to 25 percent of the calories in the national diet compared with 18 percent in 1909-13.

Individual Sugars

Estimates of amounts of individual sugars comprising total sugars were reported in a paper presented at the First International Sugar Conference, Vanderbilt University, and are updated here.[1] The estimates have been made of the individual sugars—sucrose, lactose, glucose, maltose and fructose—based on food use measured at the point of distribution or delivery into the food supply (table 12, fig. 8). Although these estimates are incomplete because of limited information about sugars in foods, up to 90 percent of all sugars can be accounted for by calculation. Sucrose, lactose, and fructose are the sugars most likely to have been underestimated.

Sucrose—Use of sucrose increased by more than one-fourth between 1909-13 and 1925-29, paralleling increased use of cane and beet sugar, major sources of sucrose. Although levels declined thereafter, an upturn is shown for recent years due to use of more refined sugar

[1] *"Level of Use of Sugars in the United States,"* by Louise Page and Berta Friend, chapter 7, pp. 93-107 of *Sugars in Nutrition*, Nutrition Foundation Monograph Series, edited by Horace L. Sipple and Kristen W. McNutt, Academic Press, 1974.

Table 12.--Estimates of total sugars accounted for as individual sugars, per capita per day

Individual Sugars	1909-13	1925-29	1947-49	1967	1971	1972	1973	1974 1/
	Grams							
Sucrose	102	131	120	119	126	127	126	126
Lactose	21	23	28	26	25	25	25	25
Glucose	6	12	11	12	13	14	15	16
Maltose	2	3	3	5	5	6	6	7
Fructose	6	6	5	4	4	5	5	6
Other	3	4	5	6	6	7	8	8
Total classified 2/	140	179	172	173	181	183	185	187
Total sugars	157	198	194	193	201	203	206	208
Percent classified	89	90	89	89	90	90	90	90

1/ Preliminary.

2/ Does not equal total sugars because of limited information on individual sugars in foods. Components may not add to total due to rounding.

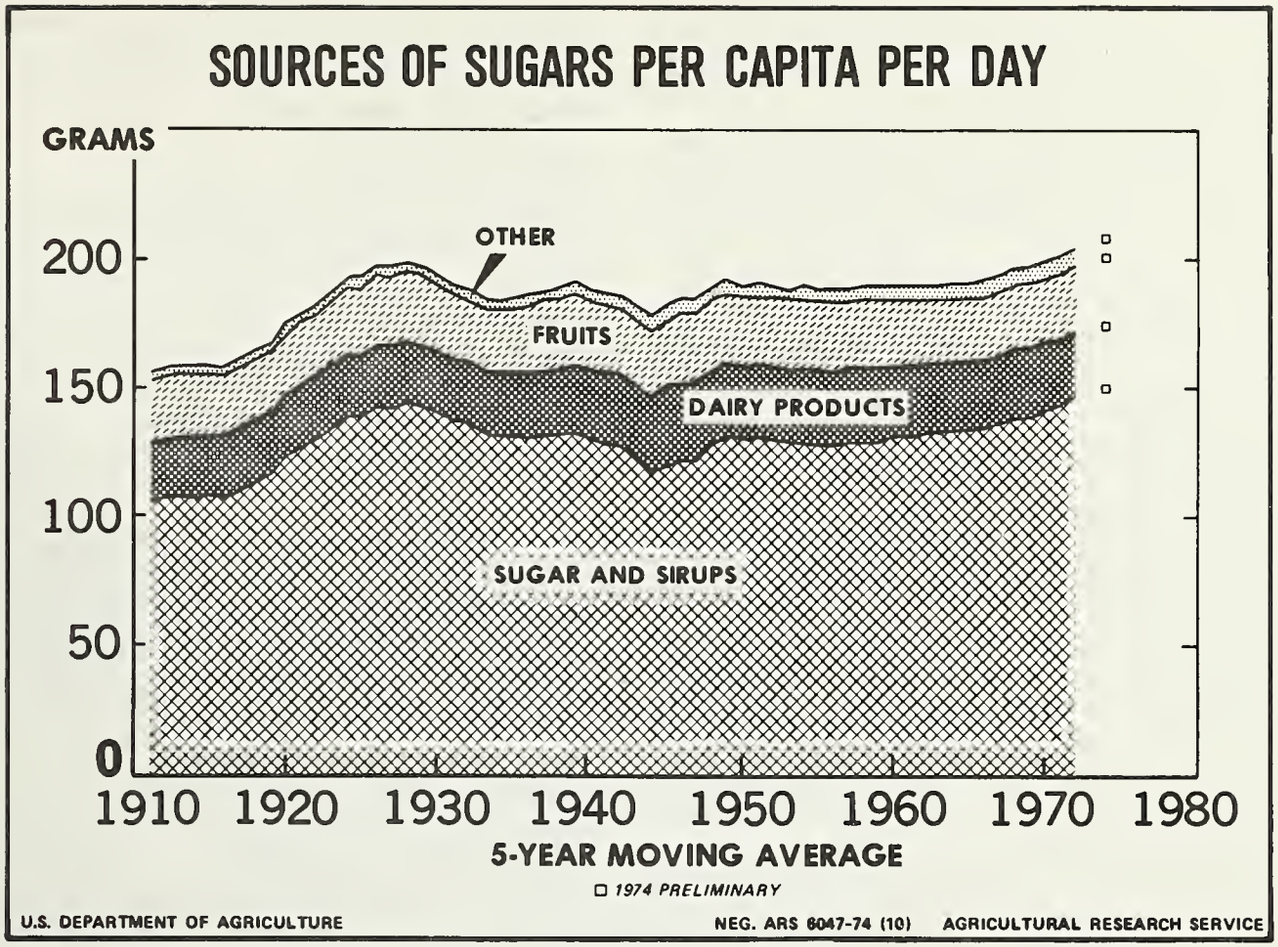

Figure 7

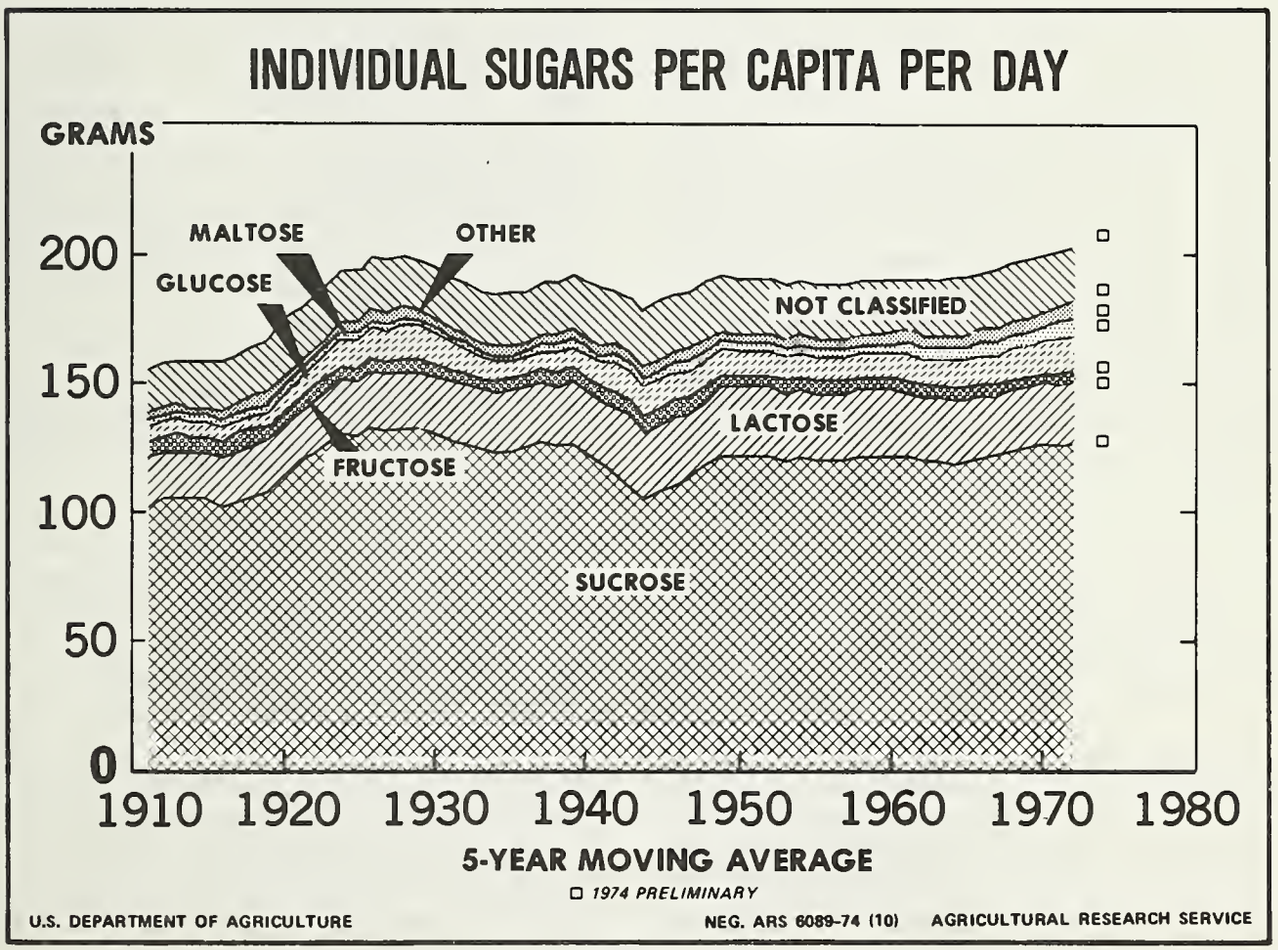

Figure 8

in prepared foods and beverages, major uses for this sweetener. The present high price of refined sugar is leading to wider use of other sweeteners and may arrest the trend to higher sucrose levels.

The net gain in sucrose since the beginning of the century, an estimated 24 grams, accounts for about half of the overall increase estimated for total classified sugars.

Lactose—Among the individual sugars as measured in the national food supply, lactose is second to sucrose in the share of total classified sugars estimated. It now accounts for about one-eighth of the total compared with the two-thirds contributed by sucrose. The current estimate for lactose is 25 grams per capita per day. Most of the lactose comes from dairy products, and levels were highest in the late 1940's when consumption of dairy products was high. Although the lactose level has dropped since then, it is now higher than at the beginning of the century.

Glucose—Glucose currently provides only about one-twelfth of the total classified sugars, but it is at its highest level, 16 grams per capita per day, 10 grams higher than 65 years ago. Three-fifths of this gain occurred by 1925-29, a time when use of corn sugar, a good source of glucose, was high. Almost all of the remaining gain has come about since 1971. In recent years, corn sirup and the newly developed high-fructose sirup (see fructose) which is also high in glucose have contributed to the increase for glucose. Consumption of corn sirup is now more than 4 times that of corn sugar.

Maltose—Maltose today contributes an estimated 7 grams per capita per day to total classified sugars compared with 2 grams in 1909-13. The level for this sugar is related largely to the use of corn sirup. Consumption of corn sirup and the level for maltose were both at their lowest point in 1909-13, and since the late 1950's both have increased steadily. Since 1909-13, consumption of corn sirup has more than quadrupled and the maltose level has more than tripled.

Fructose—Fructose is the one sugar for which the current estimated level is the same as in 1909-13, 6 grams per capita per day. Between 1909-13 and 1971 the estimates for fructose dropped one-third. The marked decline in consumption of fresh apples, a good source of fructose, from almost 60 to 16 pounds per capita per year, accounted for this reduction. Increased use of frozen citrus products only partly offset this decline because these products are not as high in fructose as fresh apples.

Although consumption of fresh apples is now down to 14 pounds per capita per year, the estimate for fructose is again at the higher level reached when fresh apple consumption was at its peak. The recent rise in the level for fructose is chiefly due to the development and use of high-fructose corn sirup. The availability of this sirup, coupled with the rising cost of refined sugar, has accounted for part of the increase in corn sirup consumption between 1972 and 1974. During this time, its consumption increased from 19 to 23 pounds per capita per year.

If sugar prices continue to rise, and if plant capacity for production of this new sirup increases, manufacturers may replace more of the sugar in their formulations with even greater amounts of high-fructose sirup. In this event, the amount of fructose in the national diet will continue upward.

Roughage (Fiber)

Fiber is another form of carbohydrate. Recent studies suggest an increased importance for fiber in the diet because of possible relationship between lack of fiber and certain chronic disorders (noninfectious disease of the bowel, some vascular diseases).[2]

Estimates of fiber content of the national diet are difficult to obtain for two reasons: First, individual analyses may vary in the extent to which they represent the fiber content of a food. Second, analyses have been made for only a limited number of foods. Nevertheless, an estimate has been made and shows crude fiber to be one-third lower, 4 grams now compared with 6 grams per capita per day in 1909-13. Decreased use of grain products and potatoes has mainly accounted for the decline of fiber in the diet.

[2] *Recommended Dietary Allowances*, eighth revised edition, 1974. Food and Nutrition Board, National Academy of Sciences-National Research Council.

SATISFIED? CONSUMERS RATE THE FOOD INDUSTRY

by

Charles R. Handy

ABSTRACT: A nationwide survey was conducted in March 1974 to measure consumer satisfaction or dissatisfaction with food products, the way they are sold in stores, and how well the food industry satisfies what people want from it. In general, consumers were surprisingly satisfied with food products and food stores, but were much less satisfied with product and shopping information and with particular product attributes such as price. Evidently, most consumers separate specific sources of dissatisfaction from their general evaluation of food products and stores.

KEY WORDS: Consumers, consumer satisfaction, market performance.

Are consumers satisfied with food products purchased for their household? To a surprisingly high degree, the answer is yes. In a nationwide survey, consumers generally expressed satisfaction with food products and food stores. Furthermore, the satisfaction was fairly evident across all regions of the country although there were significant differences between some demographic groups. When asked, "All in all, how satisfied are you with the food products you buy for your household?", two-thirds of the respondents said they were either always satisfied or almost always satisfied. And when asked, "On the whole, how satisfied are you with the food stores where you do most of your shopping?", 70% said they were always or almost always satisfied (table 13).

However, several areas of frustration and dissatisfaction became apparent. Consumers evidently separated specific sources of dissatisfaction from their general attitudes or feelings toward food products and the food industry. Price, of course, was the most obvious source of dissatisfaction, but even here, there are significant differences in satisfaction across products. Consumers also were quite dissatisfied with the availability and reliability of product and shopping information. Further, there were significant differences in degree of satisfaction across demographic groups.

To gain a more accurate reading of the level of consumer satisfaction with food products, stores, and marketing services, a national survey of persons primarily responsible for buying food for the household was completed in March 1974, reflecting conditions and attitudes at that time. Questionnaires were completed by 1,831 households, or 72% of the eligible number. Since the respondent was the primary food purchaser for the household, 87% were female.

Satisfaction was recorded on a five-point scale ranging from: (A) Always satisfied; (B) Almost always satisfied; (C) Sometimes satisfied; (D) Rarely satisfied; to (E) Never satisfied. Respondents were asked how satisfied they were with: the food products they buy, the food stores where they most often shop, various forms of product or shopping information, seven product groups, and with 31 individual food products including up to seven product attributes (see list at end of article).

This report presents only a brief preview of the findings. The complete report is in preparation and will be published by the Economic Research Service, U.S. Department of Agriculture. It will include demographic information as well as detailed satisfaction ratings on each of the products listed.

Consumer satisfaction with food products, food stores, product information, and the seven product groups is summarized in Table 13. The first five columns record the frequency distribution of responses. The average dissatisfaction scores in the last column were computed by assigning a score of "1" to "always

Table 13.--Consumer satisfaction with food products, food manufacturers, food stores, and product information, March 1974 1/

Item	Satisfied					Average dissatisfaction score 2/
	Always	Almost always	Sometimes	Rarely	Never	
	Percent 3/					
Food products, in general	6	60	30	4	1	2.32
Groups of food products:						
Meat and poultry	13	46	30	8	2	2.40
Dairy products and eggs	28	53	14	3	2	1.96
Bakery and cereal products	27	52	16	4	1	2.01
Fresh fruits	18	45	29	7	2	2.29
Fresh vegetables	14	42	34	7	2	2.41
Processed fruits and vegetables	25	54	17	4	1	2.03
Prepared or convenience foods	17	40	27	11	5	2.46
Food stores, in general	16	54	23	5	1	2.22
Product information supplied by manufacturers:						
Nutritional labeling	12	37	34	14	2	2.57
Reliability of information in ads	6	17	43	27	7	3.12
Ingredient labeling	14	40	33	11	3	2.48
Product information supplied by food stores:						
Price information available	17	43	25	11	4	2.40
Reliability of information in ads	17	44	28	9	2	2.34
Information about freshness of food products	14	39	30	13	3	2.52

1/ Data obtained from survey of 1,831 household food shoppers. A few respondents failed to answer all questions.

2/ Computed by assigning a score of 1 for "always satisfied" through 5 for "never satisfied."

3/ Due to rounding, percentages may not add to 100.

satisfied" and a score of "5" to "never satisfied". Thus, the higher the score, the greater the dissatisfaction. Respondents are clearly more satisfied with food products and food stores in general than with product or shopping information.

In contrast to all food products, only 23% said they were always or almost always satisfied with "the reliability and truthfulness of information in ads sponsored by food manufacturers". This difference is reflected by the higher average dissatisfaction score for food manufacturers' ads (3.12) than for all food products (2.32). In addition, almost half the respondents were only sometimes satisfied, rarely satisfied, or never satisfied with nutritional labeling, ingredient labeling, and information about freshness of food products available in food stores (open dating).

Average dissatisfaction scores indicate that consumers were most dissatisfied with the convenience foods product group (average dissatisfaction score of 2.46) and were most satisfied with the dairy products and eggs product group (average dissatisfaction score of 1.96). Indeed, table 13 identifies two fairly distinct categories. Of the seven product groups, consumers expressed greater satisfaction with: (1) dairy products and eggs; (2) bakery and cereal products; and (3) processed fruits and vegetables. They were less satisfied with: (1) fresh fruits; (2) meat and poultry; (3) fresh vegetables; and (4) prepared or convenience foods.

Price was the only attribute with which consumers consistently expressed strong dissatisfaction across all products. But even here, dissatisfaction varied considerably, being much greater for products such as beef and milk whose prices had rapidly increased to record levels, as compared to processed fruits and vegetable products where price increases became much more pronounced after the survey period.

Even though participants in the survey expressed satisfaction with food products and stores, 70 percent of them reported instances of dissatisfaction. But only a small percent of those dissatisfied apparently complained directly to food manufacturers or public officials. Only 7% of those who had been dissatisfied said they had complained to the manufacturer, while 3% indicated they had complained to a government agency, congressman, or a consumer protection agency. Consumers are much more likely to complain to food stores—55% said they had done so. In addition, 12% of those indicating dissatisfaction reported boycotting a food store or product. By far the most widespread outlet for venting dissatisfaction (88% said they used this channel) is simply complaining to friends and family members.

Thus in the food industry, it may be somewhat misleading to rely only on records of written complaints as an indicator of consumer dissatisfaction, since apparently only a small percentage of those who say they were dissatisfied actually wrote letters of complaint.

Only selected highlights have been presented here; additional details can be obtained from the full report. Another reading on consumer attitudes will be obtained in 1975.

Complete List Of Products Included In The Consumer Satisfaction Survey

1. Meat and Poultry Products
   - Fresh beef
   - Chicken
   - Lamb
   - Pork

2. Dairy Products and Eggs
   - Margarine
   - Butter
   - Cheese
   - Ice cream
   - Fresh milk
   - Fresh eggs

3. Bakery and Cereal Products
   - Bread
   - Packaged cake mixes
   - Cookies
   - Ready-to-eat cereals

4. Fresh Fruits
   - Apples
   - Oranges

5. Fresh Vegetables
   - Regular iceberg lettuce
   - Potatoes
   - Tomatoes

6. Processed Fruits and Vegetables
   - Canned peaches
   - Frozen orange juice
   - Fruit juice
   - Canned corn
   - Canned tomatoes
   - Frozen vegetables

7. Prepared or Convenience Foods
   - T.V. Dinners
   - Ready-to-eat puddings
   - Frozen vegetables boiled in a bag
   - Toaster pastries or tarts
   - Skillet main dishes

Table 14.--Wholesale food price indexes and Wholesale Price Index, selected periods 1/
(1967=100)

Year and month	Farm products: Eggs	Farm products: Fresh and dried fruits and vegetables 2/	Farm products: Total 3/	Meats: Beef and veal	Meats: Pork	Meats: Total	Processed foods and feeds: Poultry	Processed foods and feeds: Fish	Processed foods and feeds: Dairy	Processed foods and feeds: Processed fruits and vegetables 2/	Processed foods and feeds: Vegetable oil end products	Processed foods and feeds: Cereal and bakery products	Processed foods and feeds: Sugar and confectionery	Processed foods and feeds: Beverages 4/	Processed foods and feeds: Total 5/	All food 6/	Industrial commodities 7/	All commodities
1960	122.4	99.0	97.2	95.1	86.6	91.8	116.2	81.4	86.1	92.8	88.7	88.1	90.1	92.8	89.5	92.1	95.3	94.9
1968	111.4	106.6	102.5	104.2	98.5	102.2	105.8	108.1	104.8	106.5	98.1	100.9	102.8	102.8	102.2	103.4	102.5	102.5
1969	133.9	109.3	109.1	112.9	110.8	113.3	113.6	118.6	108.2	107.9	101.5	102.6	109.4	106.0	107.3	109.6	106.0	106.5
1970	126.8	111.6	111.0	114.5	111.7	115.0	113.3	125.1	111.2	110.4	111.8	107.6	115.9	112.9	112.0	113.5	110.0	110.4
1971	100.8	120.1	112.9	124.1	99.5	114.1	112.4	137.0	115.4	114.3	121.1	111.4	119.2	115.8	114.3	115.5	114.0	113.9
1972	103.7	127.6	125.0	133.4	122.1	128.5	115.8	159.5	118.6	119.7	121.2	114.7	121.6	118.0	120.8	121.8	117.9	119.1
1973	165.7	168.1	176.3	163.6	160.5	163.4	177.2	190.8	131.1	129.6	143.6	134.4	132.3	121.7	148.1	146.9	125.9	134.7
January	158.2	151.2	144.2	145.5	145.4	143.1	135.4	174.5	123.8	125.3	119.7	121.0	121.5	119.8	132.4	132.0	120.0	124.5
February	130.1	146.9	150.9	158.5	150.6	152.4	142.5	172.0	124.0	125.9	122.2	120.8	124.4	120.0	137.0	133.9	121.3	126.9
March	152.6	158.5	160.9	168.2	156.8	163.5	169.4	174.7	126.8	126.2	127.0	121.3	125.7	120.8	141.4	140.4	122.8	129.8
April	144.9	176.0	160.6	167.5	143.8	158.7	184.7	176.6	127.2	126.6	125.6	123.7	126.9	121.4	139.8	141.6	124.2	130.5
May	137.1	186.0	170.4	166.1	147.3	158.4	177.6	180.3	126.5	127.2	131.6	124.3	129.0	121.9	145.0	142.6	125.3	133.2
June	159.4	197.5	182.3	169.5	150.8	161.9	180.1	173.6	127.5	127.9	137.4	125.9	131.0	121.4	151.8	146.0	126.0	136.0
July	155.2	187.8	173.3	171.6	160.3	165.8	184.1	186.6	127.1	127.7	137.2	125.5	131.1	121.1	146.5	146.7	126.1	134.3
August	209.6	162.2	213.3	171.6	207.7	192.1	248.5	193.6	131.3	129.3	161.6	136.2	135.7	121.2	166.2	160.2	126.7	142.1
September	191.5	149.0	200.4	181.9	175.6	181.6	215.1	203.6	137.2	130.0	160.1	147.7	136.9	121.6	156.3	156.4	127.4	139.7
October	177.7	162.1	188.4	158.5	162.3	163.7	184.8	208.9	139.6	135.0	167.6	150.5	139.8	123.0	153.1	154.1	128.5	138.7
November	181.2	168.2	184.0	150.9	162.8	159.7	155.3	222.3	139.9	136.3	164.8	156.2	143.8	123.8	151.9	153.4	130.1	139.2
December	190.6	171.6	187.2	153.1	163.1	160.3	148.8	223.1	142.3	137.8	168.7	160.1	142.0	124.4	155.7	156.0	132.2	141.8
1974																		
January	197.8	184.5	202.6	183.5	172.3	177.8	145.7	215.3	145.1	139.3	177.2	166.3	151.8	125.6	162.1	163.9	135.3	146.6
February	186.8	214.5	205.6	175.9	173.8	175.1	176.2	222.6	147.6	140.7	192.8	169.5	167.1	126.0	164.7	170.4	138.2	149.5
March	167.8	210.6	197.0	163.0	154.7	160.1	165.2	211.9	151.2	141.2	206.1	172.3	190.2	129.3	163.0	168.7	142.4	151.4
April	158.7	226.9	186.2	156.1	143.3	151.9	143.9	222.4	154.1	142.8	192.2	167.1	189.8	132.3	159.1	166.9	146.6	152.7
May	126.0	236.8	180.8	155.8	135.2	147.5	150.8	206.8	146.9	145.2	210.8	167.1	215.8	134.5	158.9	167.7	150.5	155.0
June	124.7	204.4	168.6	140.6	125.2	135.7	138.1	198.3	142.9	148.3	210.6	166.0	240.7	138.4	157.4	163.4	153.6	155.7
July	132.0	186.9	180.8	166.1	171.3	165.0	150.6	205.4	141.7	157.7	218.5	168.9	246.7	143.6	167.6	172.6	157.8	161.7
August	149.6	162.6	189.2	172.4	173.9	169.1	150.4	197.9	142.4	162.7	258.4	169.3	270.4	146.2	179.7	176.9	161.6	167.4
September	169.8	163.2	182.7	159.3	169.9	161.3	170.3	196.8	144.8	165.6	253.7	169.7	297.9	147.8	176.8	178.2	162.9	167.2
	Seasonally adjusted 8/																	
1973																		
January	140.4	148.2	144.6	147.2	142.9	144.3	139.7	169.4	123.8	125.3	120.3	---	121.7	---	132.4	131.7	---	---
February	133.4	143.9	148.7	153.0	144.3	147.1	139.7	168.5	124.2	126.0	122.7	---	124.5	---	135.9	133.0	---	---
March	146.9	155.7	158.1	163.4	162.5	163.5	162.5	172.9	126.3	126.7	126.6	---	125.4	---	140.4	139.2	---	---
April	156.8	171.7	160.9	163.8	152.1	159.4	188.6	176.4	126.8	126.6	125.6	---	127.0	---	140.4	142.0	---	---
May	160.7	173.8	168.4	162.3	151.2	157.7	177.7	183.6	126.5	126.9	132.8	---	129.0	---	144.7	142.7	---	---
June	174.6	179.2	177.7	164.4	148.1	157.6	177.0	176.0	127.8	127.5	138.1	---	130.7	---	151.2	145.3	---	---
July	167.2	183.0	169.7	166.6	148.7	158.7	166.0	188.5	127.2	127.6	136.9	---	130.4	---	144.6	145.0	---	---
August	216.8	171.1	213.1	170.9	200.2	188.5	243.1	196.6	131.8	129.2	161.1	---	134.8	---	165.5	159.3	---	---
September	171.9	168.9	201.6	185.5	173.3	181.6	203.3	206.0	137.8	130.9	159.1	---	136.8	---	156.0	155.6	---	---
October	186.3	176.6	193.6	167.9	162.8	168.6	190.8	213.5	139.5	135.4	166.1	---	140.4	---	155.3	156.9	---	---
November	175.8	169.7	191.3	161.5	173.5	169.7	164.9	218.4	139.8	135.6	163.3	---	144.5	---	154.2	155.7	---	---
December	162.2	175.3	190.6	157.4	168.4	166.0	170.3	221.0	141.7	137.5	170.2	---	142.4	---	157.0	157.5	---	---
1974																		
January	175.5	180.9	203.2	185.6	169.0	179.2	151.5	208.8	145.1	139.3	178.1	---	152.1	---	162.1	163.6	---	---
February	191.6	210.1	202.6	169.4	165.9	168.5	172.7	218.4	147.9	140.8	193.6	---	167.3	---	163.4	169.3	---	---
March	161.5	206.9	193.5	158.4	160.8	160.4	158.0	209.7	150.6	141.8	205.5	---	189.8	---	161.9	167.3	---	---
April	174.6	228.5	186.6	152.6	151.6	152.5	146.8	222.0	153.8	142.8	191.8	---	190.9	---	159.7	167.4	---	---
May	147.7	221.3	178.7	152.3	138.8	146.9	151.1	210.6	146.9	144.9	212.7	---	215.8	---	158.6	167.9	---	---
June	136.6	185.5	165.6	136.4	123.2	132.1	135.7	201.1	143.2	147.9	211.7	---	240.2	---	156.8	162.6	---	---
July	142.2	182.2	177.3	161.4	158.9	158.0	135.2	207.7	141.8	157.5	218.1	---	245.5	---	165.4	170.7	---	---
August	154.7	171.5	190.0	171.7	167.5	165.9	147.2	200.9	143.0	162.5	257.6	---	268.5	---	179.0	175.8	---	---
September	152.4	185.0	185.7	162.6	167.7	161.3	160.7	199.2	145.4	166.8	252.2	---	297.6	---	176.4	177.3	---	---

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices and Expenditures, Agricultural Economic Report No. 138, table 106. 2/ Includes potatoes. 3/ In addition to items listed separately, includes grains, livestock, live poultry, plant and animal fibers, milk, hay, hayseeds, oilseeds, and other farm products such as coffee beans, cocoa beans and tobacco. 4/ Includes alcoholic beverages. 5/ Includes animal fats and oils, crude and refined vegetable oils, manufactured animal feed, and miscellaneous processed foods in addition to items listed separately. 6/ All food includes all processed foods (omitting soft drinks, alcoholic beverages and manufactured animal feeds) plus eggs and fresh and dried fruits and vegetables from the farm products group. 7/ Prior to 1967, includes manufactured animal feeds, soft drinks, and alcoholic beverages. 8/ Meats, poultry, and fish and all food are computed by ERS.

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Table 15.--Retail food price indexes and Consumer Price Index, selected periods 1/
(1967=100)

Year and month	Food at home																		
	Meats								Fruits and vegetables									Food away from home	All food	Consumer Price Index, less food	Consumer Price Index 5/
	Beef and veal	Pork	Total 2/	Poultry	Fish	Eggs	Dairy products 3/	Fats and oils 4/	Fresh	Processed	Total	Cereal and bakery products	Sugar and sweets	Beverages	Total				
1960	92.1	81.7	87.2	106.9	85.0	113.2	88.4	86.5	84.6	92.9	88.3	87.1	90.1	91.5	89.6	81.4	88.0	88.8	88.7
1968	104.1	100.2	102.3	103.1	101.6	107.8	103.3	97.7	109.4	105.6	107.9	100.4	103.4	101.9	103.2	105.2	103.6	104.4	104.2
1969	114.5	109.1	111.4	109.0	107.2	126.8	106.7	97.9	111.1	106.5	109.3	103.3	109.1	104.6	108.2	111.6	108.9	110.1	109.8
1970	119.5	115.9	117.6	108.4	118.0	125.6	111.8	105.3	116.3	109.2	113.4	108.9	115.1	117.4	113.7	119.9	114.9	116.7	116.3
1971	124.9	105.0	116.7	109.0	130.2	108.4	115.3	115.2	121.0	116.2	119.1	113.9	119.3	121.6	116.4	126.1	118.4	122.1	121.3
1972	136.6	121.6	129.2	110.4	141.9	107.7	117.1	116.6	128.0	120.5	125.0	114.7	120.9	121.3	121.6	131.1	123.5	125.8	125.3
1973	163.8	161.7	161.1	154.8	162.8	160.2	127.9	129.0	150.8	130.2	142.5	127.7	128.3	130.2	141.4	141.4	141.4	130.7	133.1
January	142.9	135.0	137.7	116.1	149.2	151.6	119.1	114.6	135.5	123.1	130.5	116.3	121.7	123.9	127.2	134.2	128.6	127.4	127.7
February	152.3	142.2	145.2	120.7	151.3	141.2	121.0	114.7	139.8	123.7	133.3	117.8	122.8	125.6	130.1	134.7	131.1	127.9	128.6
March	160.2	149.8	153.0	150.7	152.8	136.2	121.5	115.3	145.1	124.5	136.8	119.0	124.0	126.4	134.2	135.7	134.5	128.4	129.8
April	162.9	150.7	156.1	150.1	156.1	138.8	121.8	117.9	152.6	125.7	141.8	120.2	125.3	127.2	136.4	137.0	136.5	129.1	130.7
May	162.7	150.0	155.9	150.4	160.2	138.7	123.2	119.9	156.9	126.3	144.6	122.1	126.3	129.5	137.6	138.9	137.9	129.7	131.5
June	163.5	151.4	156.7	150.8	163.7	146.6	124.1	122.4	168.2	127.2	151.7	123.0	127.6	131.4	139.9	139.8	139.8	130.3	132.4
July	164.3	153.4	157.8	154.6	163.8	151.3	124.1	122.8	171.3	127.6	153.7	123.5	127.9	131.7	140.9	140.9	140.9	130.4	132.7
August	175.4	197.0	180.0	225.4	165.2	198.4	126.6	125.0	168.4	129.1	152.6	124.7	128.8	131.9	151.3	142.4	149.4	130.9	135.1
September	177.0	191.3	180.8	185.9	167.1	188.4	130.3	135.7	141.3	131.2	137.3	132.4	129.6	132.1	149.2	145.1	148.3	131.8	135.5
October	170.6	177.2	172.7	157.7	170.8	179.2	137.3	149.8	141.6	134.7	138.8	139.0	131.2	133.2	148.7	147.7	148.4	133.1	136.6
November	167.7	172.2	169.2	149.7	175.8	169.1	141.2	154.6	145.1	141.6	143.7	145.8	135.6	134.2	150.1	149.7	150.0	134.0	137.6
December	165.7	170.1	167.6	145.9	178.1	182.7	144.9	155.9	144.0	147.2	145.3	148.5	138.4	135.4	151.5	150.7	151.3	134.7	138.5
1974																			
January	168.6	173.5	169.9	157.0	180.4	191.0	146.3	157.4	148.5	151.5	149.7	149.7	140.3	137.3	154.3	151.6	153.7	135.6	139.7
February	181.3	174.0	176.3	154.7	182.6	194.1	149.3	163.2	154.5	158.0	155.9	154.4	149.5	139.1	159.0	152.6	157.6	136.8	141.5
March	178.4	169.0	173.1	152.0	185.2	175.8	151.5	175.8	162.3	162.8	162.5	158.6	162.0	142.0	160.6	153.7	159.1	138.4	143.1
April	170.0	158.2	164.8	147.0	186.9	160.4	153.7	185.8	159.6	168.0	163.0	161.4	169.6	145.7	159.4	155.6	158.6	139.7	144.0
May	165.8	148.8	158.7	138.7	187.1	133.2	154.6	186.5	181.8	171.6	177.7	164.3	175.9	149.3	160.4	157.1	159.7	141.5	145.6
June	163.9	141.2	154.8	135.8	187.1	128.4	153.8	188.0	190.3	172.3	183.1	165.3	184.1	153.8	160.9	158.6	160.3	143.3	147.1
July	161.0	145.9	154.0	136.2	188.2	127.8	151.6	186.8	189.2	172.6	178.7	166.7	195.1	158.1	160.6	160.4	160.5	144.7	148.3
August	169.0	158.8	162.8	140.1	187.4	146.0	150.7	196.2	162.9	176.0	168.2	168.2	203.4	163.8	163.0	161.9	162.8	146.5	150.2
September	172.9	164.8	166.7	148.1	188.6	162.2	151.1	217.4	152.7	178.2	162.9	170.4	212.1	166.5	165.5	163.1	165.0	148.1	151.9
	Seasonally adjusted																		
1973	145.5	137.3	140.1	118.2	149.6	136.1	119.0	---	138.7	123.0	132.6	116.5	122.1	124.3	128.0	134.3	129.2	127.6	127.9
January	151.8	142.9	145.9	122.4	151.1	135.6	120.6	---	142.7	123.7	134.9	117.7	123.0	125.6	130.4	135.0	131.4	128.2	128.8
February	158.6	147.0	151.2	149.5	152.5	135.1	121.3	---	145.4	124.6	136.9	118.9	123.8	126.4	133.7	136.1	134.2	128.5	129.9
March	160.3	150.9	154.9	147.9	155.5	142.9	121.8	---	149.5	125.4	139.8	120.0	124.9	127.1	136.0	137.1	136.1	129.1	130.7
April	162.1	152.9	156.7	149.7	159.7	149.0	123.2	---	151.2	126.6	141.3	122.0	125.8	129.2	137.5	138.9	137.8	129.6	131.4
May	163.0	153.1	156.5	148.6	163.4	165.5	124.2	---	156.2	127.6	145.0	123.2	127.5	131.3	139.5	139.9	139.5	130.2	132.3
June	161.6	151.3	155.8	150.2	164.0	160.6	124.1	---	159.2	128.0	147.2	123.5	127.9	131.4	139.5	141.0	139.9	130.5	132.5
July	172.0	192.2	177.0	221.9	165.9	202.2	126.7	---	162.9	129.2	149.6	124.6	128.8	131.8	150.1	142.3	148.4	131.2	135.0
August	176.1	187.5	179.0	183.0	167.4	177.4	130.6	---	145.8	130.9	139.7	132.3	129.6	132.4	148.8	144.8	148.0	131.9	135.5
September	171.6	174.9	172.2	157.2	171.1	174.8	137.4	---	151.3	134.6	144.9	139.0	131.3	133.2	149.7	147.3	149.1	132.8	136.6
October	171.3	173.9	171.4	154.5	176.2	172.4	141.3	---	152.9	141.3	148.3	146.1	136.0	134.3	151.6	149.3	151.2	133.7	137.7
November	171.2	175.0	171.9	152.5	178.1	172.5	145.0	---	152.4	147.1	149.6	148.8	138.7	135.8	152.4	150.5	151.9	134.5	138.5
1974																			
January	171.7	176.5	172.8	159.9	180.9	171.5	146.2	---	152.0	151.3	152.1	150.0	140.7	137.7	155.2	151.8	154.5	135.7	140.0
February	180.8	174.9	177.2	156.9	182.4	186.5	148.9	---	157.7	158.0	157.8	154.2	149.8	139.1	159.3	152.9	157.9	137.1	141.7
March	176.6	165.8	171.0	150.8	184.8	174.4	151.2	---	162.6	163.0	162.7	158.4	161.7	142.0	160.0	154.2	158.8	138.5	143.2
April	167.3	158.4	163.5	144.8	186.2	165.2	153.7	---	156.3	167.7	160.7	161.1	169.1	145.6	158.9	155.8	158.1	139.7	144.0
May	165.1	151.7	159.5	138.0	186.5	143.1	154.6	---	175.1	171.9	173.7	164.1	175.2	149.0	160.2	157.1	159.5	141.4	145.5
June	163.4	142.8	154.6	133.8	186.7	144.9	154.0	---	176.7	172.8	175.0	165.6	183.9	153.6	160.4	158.8	160.0	143.2	146.9
July	158.3	143.9	152.0	132.4	188.4	135.7	151.6	---	170.0	173.1	171.2	166.7	195.1	157.8	159.0	160.6	159.4	144.8	148.0
August	165.7	154.9	160.1	137.9	188.2	148.8	150.9	---	157.5	176.2	164.9	168.0	203.4	163.6	161.7	161.7	161.7	146.8	150.0
September	172.0	161.6	165.0	145.8	189.0	152.7	151.4	---	157.6	177.8	165.7	170.2	212.1	166.8	165.0	162.8	164.7	148.2	151.9

1/ For earlier annual data (1957-59 reference base), see Food Consumption, Prices, and Expenditures, Agricultural Economic Report No. 138, July 1968. 2/ Beef, veal, lamb and mutton, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. After December 1963 computed by Economic Research Service using data for items additional to those in the CPI. 5/ Seasonally adjusted series derived by ERS.

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